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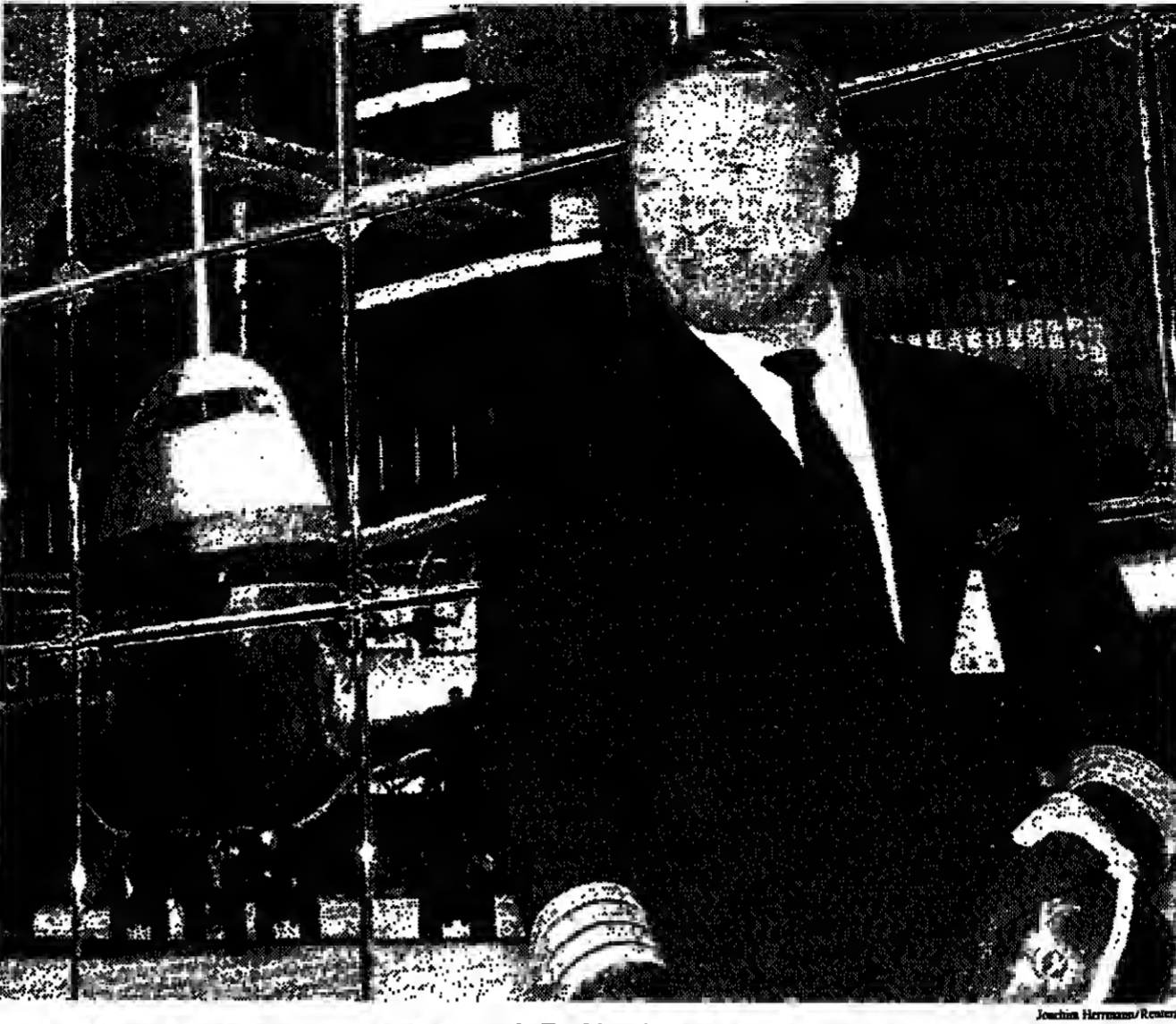
ESTABLISHED 1887

An Ailing Old Order Fades With Craxi's Resignation But Can a Discredited Political System Produce the New Leaders Italy Needs?

By Alan Cowell

ROME—Ever since elections last year registered Italians' disenchantment with the clutch of leaders who finessed—or finagled—their way to power...

businessmen are under investigation on various charges of misdoing. The investigation has touched every major political party, the Socialists in particular.



Gerhard Göbel, pilot of the hijacked flight, on his return to the Frankfurt airport Friday. Behind him is a mural showing the airport.

Powell Urges Slower Pace Of Cutbacks In Military But He Acknowledges Need to Accommodate Clinton's 'New Ideas'

Compiled by Our Staff From Dispatches

WASHINGTON—In the face of pressure from the new U.S. administration for a leaner, less costly military establishment, General Colin L. Powell, the chairman of the Joint Chiefs of Staff, said Friday that the armed forces should move slowly and deliberately toward that goal.

Pilots Fault Frankfurt Airport Security Airport Officials Deny Lapse Since Lockerbie Bombing

By Brandon Mitchener

FRANKFURT—The head of Germany's Airline Pilots Association said Friday that Frankfurt airport security was growing lax, after a hijacker smuggled a weapon aboard a Lufthansa flight and diverted the plane from Europe to New York.

When a lot of time passes between incidents, Bernd Kopf, the pilots' spokesman, said on German radio, he said there were "considerable defects" in the airport's security system.

since the 1988 bombing of Pan Am Flight 103, which many authorities believe was caused by a bomb loaded onto the plane in Frankfurt.

Hijacking Victim Makes Best of It

The Associated Press

NEW YORK—One of the passengers aboard the Lufthansa jetliner that was hijacked and forced to fly to New York asked for frequent flyer credit.

executive, Leo Henckel. He did not identify the passenger.

A Nominee Who Knows How to Win People Over

New Justice Candidate Is Long on Savvy

By Michael Isikoff and David Von Drehle

WASHINGTON—In choosing Janet Reno as the first woman to be attorney general of the United States, President Bill Clinton selected a tough Miami prosecutor with a demanding style and a record of turning political critics into allies and friends.

brutality and was slow in hiring and promoting minorities. These accusations reached a climax in 1980 when four white Miami police officers were acquitted of charges that they beat a black insurance salesman, Arthur McDuffie, to death with metal flashlights during a traffic stop.

Kiosk UN Chief Sets Pullout Of U.S. Somali Force

WASHINGTON (NYT)—The United Nations secretary-general, Boutros Boutros Ghali, is finishing a plan to bring American troops home from Somalia by early April and replace them with a multinational corps of 15,000 to 20,000 soldiers under the command of a Turkish general, diplomats and Pentagon officials said Friday.

The plan would leave 3,000 to 5,000 American troops under the command of a foreign officer, a departure from longstanding United States policy.



SNIPER-HUNTING IN MOGADISHU—A Marine lieutenant leading a corporal up a rubble-strewn stairway Friday as they tracked a sniper who fired at Marines. U.S. troops in Somalia are arguing plans to lift a military ban on homosexuals. Page 3.

U.S. Quandary: How Far to Go In Bosnia Talks

By Elaine Sciolino

WASHINGTON—As Clinton administration officials begin grappling with their newly announced policy on the Balkans, they are struggling to reconcile seemingly contradictory goals.

Bane of Students, the SAT Is In for an Aptitude Adjustment

By Mary Jordan and Joel Achenbach

WASHINGTON—O.K., students, get your No. 2 pencils ready. The Scholastic Aptitude Test has:

the word "aptitude" from the most famous test in America. Every year, about 1.5 million teenagers spend the most dreaded three hours of their high school years wrestling with the SAT.

test already besieged by criticism that it is biased against minority groups.

"There are many 'A' words and there are many 'S' words that have been proposed."

Women, for instance, consistently have scored lower than men on certain parts of the SAT, but they go on to get better college grades, Mr. Schaeffer said.

ven taste

WORLD BRIEFS

France's Latest Scandal Tarnishes an Icon of Socialism

By Joseph Fitchett
PARIS — Numbled by a spate of scandals, French opinion now seems almost bemused by an unfolding saga about Prime Minister Pierre Bérégovoy and his interest-free million-franc loan from a shady French businessman.

interlude as the parliamentary opposition and formed a new government, thanks to an electoral campaign that stressed their moral superiority to allegedly greedier, less selfless conservatives.

Although Mr. Pelat died during the investigation, prosecutors said that he apparently got information improperly at a party given by Mr. Bérégovoy at a Paris restaurant just as the state-owned company Pechiney closed the deal.

Dubious behavior by politicians has not been confined to the Socialists: Jacques Chirac, the leading conservative contender for the presidency, was reported this week to have spent vacations in Oman and Mauritius that appeared lavish for someone living on an official salary.

Former President Valéry Giscard d'Estaing, leader of the other main conservative party, has been linked to a bribery scandal involving a Paris financier who died in prison last month awaiting trial.

Jewish Group Backs Bonn on Rightists

BERLIN — Members of a U.S. Jewish delegation said Friday that a five-day visit to Germany helped assure them that the government was dealing with rightist extremism, yet they still were concerned about the future.

Other members of the delegation made similar comments, echoing the impressions of earlier foreign Jewish groups that have been drawn to examine events in Germany five decades after the Nazi Holocaust.



ANARCHISTS IN ATHENS — Some of a group of anarchists lobbing sticks at police officers in Athens on Friday. The police used tear gas to disperse the group, who attacked vehicles with gasoline bombs after a march by students seeking more funding for education.

Religion, Without Communist Bogeyman, Loses Its Unity

ROME — When Pope John Paul II addressed a huge and unruly open-air Mass in Khartoum, the predominantly Muslim capital of Sudan, his joust with the Islamic authorities evoked a fundamental shift in the role religion has come to play since the Cold War.

cross adorned with a representation of a black Christ. The pope's aides justify such overt intervention in a country's affairs on religious and humanitarian grounds: Should a good shepherd abandon his flock to what, in this case, the Pope seemed to be saying was the butcher?

Possibly, the Pope reflected in a conversation with reporters, Western models should not be imposed too quickly on Africans as they strive for their own ways of democracy. "Perhaps they have some values that we Westerners have lost," he said.

RELIGIOUS SERVICES

- AMSTERDAM: CROSSROADS INTERNATIONAL CHURCH... SWITZERLAND: St. Anton - English-Speaking Catholic Mission... HAMBURG: INTERNATIONAL BAPTIST CHURCH OF HAMBURG... ASSOC. OF INT'L. CHURCHES IN EUROPE & MIDEAST... BERLIN: AMERICAN CHURCH IN BERLIN... BRUSSELS: THE INTERNATIONAL PROTESTANT CHURCH OF BRUSSELS... COPENHAGEN: INTERNATIONAL CHURCH OF COPENHAGEN... FRANKFURT: TRINITY LUTHERAN CHURCH... GENEVA: EV. LUTHERAN CHURCH OF GENEVA... LONDON: AMERICAN CHURCH IN LONDON... MOSCOW: MOSCOW PROTESTANT CHURCH... OSLO: American Lutheran Church... PARIS: AMERICAN CHURCH IN PARIS... STOCKHOLM: IMMANUEL CHURCH... VIENNA: VIENNA COMMUNITY CHURCH... WARSAW: WARSAW INTERNATIONAL CHURCH... ZURICH: INTERNATIONAL PROTESTANT CHURCH

German Criticizes 'à la Carte' Europe

BRUSSELS (Reuters) — The European Community cannot operate on an "à la carte" basis, and countries that do not share its goals should consider dropping out, a senior member of the EC Commission said Friday.

North Korea Angered on Inspections

TOKYO (AFP) — North Korea warned the United States and South Korea on Friday to refrain from meddling in its nuclear program, in response to their pressure to accept international inspections.

Australian Coalition Has Edge in Poll

SYDNEY (AFP) — A new opinion poll forecasts a conservative coalition victory in Australian elections March 13. The poll, taken for The Sydney Morning Herald and The Age of Melbourne, gave the coalition Liberal and National parties a lead with 49 percent to 37 percent for Labor, the party of Prime Minister Paul Keating.

Thai Crackdown Slows AIDS Drive

BANGKOK (AFP) — Doctors are having trouble monitoring the spread of AIDS by prostitutes here because a police crackdown on Thailand's sex industry is forcing those infected to go underground, a government official said.

Dissident Reporter Cites Freer China

SAN FRANCISCO (Reuters) — A Chinese dissident detained for 20 months after the 1989 massacre of pro-democracy protesters near Tiananmen Square says his country had become freer despite the wishes of the authorities.

For the Record

Mali's former president was sentenced to death Friday along with three senior army officers after a court found them guilty of mass murder. The high court said Moussa Traoré had ordered his security forces to shoot at opposition demonstrators in the capital, Bamako, and provincial cities. The troops killed 106 people. The carnage led army officers to overthrow Mr. Traoré in April 1991.

Austria's foreign minister suffered injuries in a skiing fall in the Tyrol on Friday and was taken unconscious by helicopter to a hospital in Innsbruck. A spokesman said the minister, Alois Mock, had a broken arm, a broken nose, skull fractures and a dislocated shoulder. (Reuters)

TRAVEL UPDATE

Forty-eight years after the firebombing of Dresden, the East German city on Friday held a ceremony marking the start of reconstruction of the Frauenkirche, the church destroyed by Allied bombers. The 18th-century church collapsed the day after the U.S. and British raids of Feb. 13-14, 1945, which killed more than 100,000 people. After the war, the Communists left the church in ruins as a reminder of the dangers of fascism and imperialism. Reconstruction is expected to take several years. (AP)

The last passenger train linking Moscow and Baku, the Azerbaijan capital, will stop running Feb. 21 because of high crime and low bookings. Itar-Tass reported, quoting Russian railroad officials. (AFP)

Major Accepts Damages Over His Libel Action

The Associated Press LONDON — Prime Minister John Major accepted a public apology, undisclosed damages and legal costs Friday in the first round of libel actions over allegations that he had had an affair with a caterer.



John Major, the Prime Minister of the United Kingdom, is seen in a photograph.

Ex-Post Reporter Files Libel Suit Against Time

Washington Post Service LONDON — A former Washington Post correspondent, Dusko Doder, has filed a libel suit here against Time magazine over an article that accused him of accepting money from the KGB secret police while he was Post bureau chief in Moscow.

A LOOK AT CAMBODIA'S PAST — President François Mitterrand of France at the Angkor Wat temple complex near Siem Reap, Cambodia, on Friday, the last day of his Indonesian trip. He also met with French members of the UN force in Cambodia, saying they would stay "as long as necessary."

مكتبة من الامم المتحدة

FIRST 100 DAYS / HEALTH CARE BATTLE BEGINS

POLITICAL NOTES

Weighty Conflicts for a Tough Republican

WASHINGTON — Senator Orrin G. Hatch, Republican of Utah, was the author and primary backer last year of legislation that benefited a drug company in which he owns stock worth as much as \$50,000, according to documents and interviews.

A Woman as the U.S. Air Force's 'Top Gun'?

WASHINGTON — President Bill Clinton is preparing to name Sheila Widnall, an aeronautics professor, as secretary of the air force, according to a report in the Washington Times on Friday, citing Defense Department sources.

The Incredible Shrinking Space Station

WASHINGTON — President Clinton's new budget will cut funding for NASA's planned space station by 40 percent, touching off another major restructuring of the project and more delays.

Quote-Unquote

President Clinton: "Janet Reno is ready to tackle the Justice Department's problems." Janet Reno: "I will work with the thousands of outstanding career lawyers in the Department of Justice to establish integrity, excellence and professionalism as the hallmark of that department."

Away From Politics

- More than 60,000 aftershocks have followed the 1991 earthquake that rocked Landers, California, on June 28, the most ever recorded in the United States following a major tremor, according to the Southern California Seismic Network at the California Institute of Technology in Pasadena.

With Shot at Drug Firms, Clinton Pushes Immunization

By Spencer Rich and Ann Devroy Washington Post Service

WASHINGTON — President Bill Clinton lashed out Friday at the drug industry for "unconscionable" profiteering on childhood vaccines as he announced a proposed increase of \$300 million to help the states immunize an additional one million children this year.

communications director, George Stephanopoulos, raised the specter Friday of administration efforts to curb some industry tax breaks if prices did not come down. He said of drug company descriptions of their cost, "We just don't buy their explanations."

spending \$1 billion dollars more each year on advertising and lobbying than it does on developing new and better drugs," he said. "Meanwhile its profits are rising at four times the rate of the average Fortune 500 company. Compared to other countries, our prices are shocking."



Janet Reno with Bill Clinton in the White House Rose Garden as the president announced her nomination for attorney general.

On Somalia's Front, GIs Dig In: No Gays

By Molly Moore Washington Post Service

MOGADISHU, Somalia — At any meal hall, guard post or tent where U.S. troops are sweating out service in Somalia, the most hotly debated topic is President Bill Clinton's plan to eliminate the ban on gays in the military.

"I don't think I could room with one of 'em," said a Marine lance corporal, one of the 18,300 American troops living at close quarters and in near-combat conditions here.

While the chairman of the Joint Chiefs of Staff, General Colin L. Powell, and other military leaders couch their opposition to Mr. Clinton's plan in technical terms such as "unit cohesion" and "leadership problems," many of the men and women serving in Somalia are far more blunt.

"They lift the ban and there's gonna be gay-bashing," said a Marine guard standing duty at the former U.S. Embassy compound, which has become the headquarters of the international military presence in Somalia.

The military faces the prospect of grappling with the issue even as it struggles to cope with the problems of the integration of women in an arena where sexism is pervasive. Many of the same potential problems have been raised in dealing with both issues, including extended deployments in close quarters and the performance of duty in the face of wanted or unwanted sexual advances.

The issue has also given a homophobic institution fodder for derision and jokes at the expense of a segment of society that many military men and women fear, but few seem to know or understand.

Troops and officers posted throughout Somalia are passing around the lyrics to a song dubbed "The Ballad of the Queen Berets," sung to the tune of "The Green Berets."

RENO: Newest Justice Nominee Is Skilled at Winning Her Foes Over

(Continued from page 1)

Reno in which she subjected one expert witness to a withering interrogation. "She took him apart so much the judge said it was the best cross-examination he'd ever seen," remembers Mr. D'Alemberte. "She can be devastating," he said, adding, "She's a delight to deal with, but she doesn't put up with stupidity very well."

that they have an opportunity to express their viewpoints," said Ray Havens, her top investigator. She is the oldest child of Florida pioneers, the journalists Henry and Jane Wood Reno, both now dead. Mr. Reno, a Danish immigrant, covered the police beat for 40 years at the Miami Herald. Over time, Miss Reno's mother progressed from the writing life to the status of a full-fledged Florida character: a gravel-voiced woman who drank hard and wrestled alligators.

To a Miami Rapper, She 'Gets Justice for All'

Washington Post Service

WASHINGTON — Janet Reno is the only cabinet nominee ever lionized in a rap song. On the 1988 "Respect" album by a young rapper named Anquette, there is a track titled "Janet Reno," which praises the Miami prosecutor because she "looks brothers up for not paying the child support."

She fined your a-- and locked you up. Now who can't post no bail? Anquette also addresses her female listeners: "Janet Reno gets justice for all. You can solve your problem with a phone call. She helped me out of a jam, I'm doing well on my own. It could be the same for you, it's been proven and shown."

AMERICAN TOPICS

In Food Safety Test, Wood Is a Cut Above

Wooden cutting boards quickly kill food-poisoning bacteria that survive very nicely on the plastic boards that have been widely promoted for years as safer than wood. So say microbiologists at the University of Wisconsin's Food Research Institute. They stumbled upon the finding while seeking ways to decontaminate wooden boards and make them as "safe" as plastic.

Ben Nighthorse Campbell, Democrat of Colorado, says he has no intention of lopping off his ponytail now that he has moved up from the U.S. House of Representatives to the Senate. He adds, "The ones who don't like it didn't vote for me anyway."

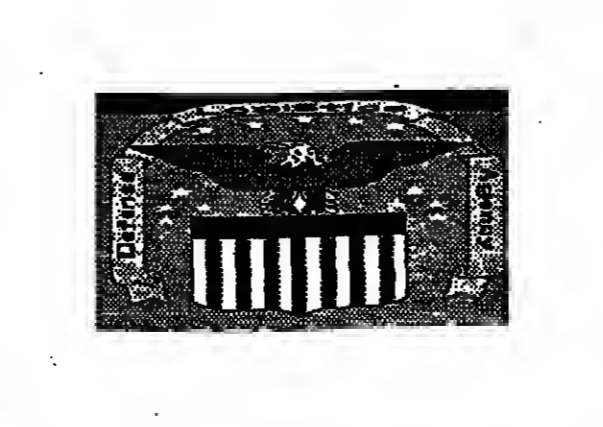
From 1908 to 1940, Sears Roebuck & Co. sold about 100,000 houses through its mail order catalogue, which is being dropped this year. For a few thousand dollars, buyers got floor plans, pre-cut lumber, nails, paint, doors, light fixtures and such delivered to the nearest railroad station. Competitors like Montgomery Ward and the Aladdin Co. offered similar deals. Thousands of these houses, architecturally undistinguished though they may be, are still standing. Typically, The New York Times reports, "rooms are small, basements sometimes leak and most second floors are unheated, owners say. But the houses, which go for \$20,000 to \$40,000 today, are sturdy and require few repairs."

Judge Roy Hofheinz, owner of the Houston Astrodome and the Houston Astros baseball team, said 25 years ago that he doubted that people would pay to watch basketball in such a large setting. Guy Lewis, then coach of the University of Houston basketball team, who wanted the arena for a game against the University of California, Los Angeles, says he cinched his case by saying, "Judge, people sit up here and see baseball players down there, and all of my players are bigger than your baseball players. And you play with a little of baseball; we play with a big of basketball." Said the judge, "By golly, you're right." The game drew 52,963 people, a record that lasted 19 years.

Arthur Higbee

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# South Africa a Magnet for Black Professionals

By Bill Keller  
New York Times Service

**JOHANNESBURG** — When Dr. Christopher G. Kibuka moved to South Africa in 1982, his destination was regarded throughout Africa as a kibuka, a black gynecologist from Uganda, he was relative.

His own country had been laid waste by eight years under a savage despot named Idi Amin, whose secret policemen sometimes bashed in the heads of suspected enemies with sledgehammers. South Africa looked pretty good.

Dr. Kibuka, who now runs a private practice in the town of Krugersdorp, northwest of Johannesburg, was a pioneer in what has recently become a great migration.

Although reliable statistics are scarce, they suggest that black doctors, teachers, engineers and other professionals are now quietly streaming into South Africa from other African countries even faster than nervous whites are fleeing.

Africa has long been a migratory continent, its peoples constantly driven by war and famine across boundaries that, in any case, were largely the whims of colonial map-makers.

One out of every 18 Africans lives outside his country, according to The Southern African Economist, a monthly magazine published in Harare, Zimbabwe. Most of the displaced are unskilled refugees, but often the first to flee are the educated who tend to be the prime targets of suspicious, repressive governments.

A study by the Economic Commission for Africa estimated that in 1987, an astonishing 30 percent of the skilled manpower of Africa was living in Europe.

Some point to recent attacks on Chinese street hawkers and Mozambican mine workers as a precursor of the resentment against foreigners that may later be directed at more well-to-do immigrants.

"Already they are getting fed up with us," said a university lecturer from Ghana, who, like most of the immigrants interviewed, insisted he not be identified by name for fear of drawing attention to himself. "There's a lot of jealousy now. They say 'We endured apartheid, and you had all these opportunities...'"

Immigrants here come from at least a score of African countries, but the largest groups of foreign professionals seem to be from Uganda and Ghana, with growing numbers fleeing the desolation of Somalia and the chaos of Zaire.

In his apartment at Ponte City, a 51-story concrete building housing legions of foreign students and job-hunters in Johannesburg, a 22-year-old accountant from Zimbabwe itemized the gains he had made in his first three weeks since being transferred here by his employer, a major international auditing concern.

He has bought a new car and lined up a house in a white suburb, luxuries beyond the wildest dreams in Zimbabwe, ravaged by inflation. With the end of white rule in South Africa — or, as he puts it, "when independence comes" — his opportunities seem boundless.

"My company has about 50 partners in South Africa," he explained, frank about his ambitions in exchange for a promise of anonymity. "Not one of them is black. When the black government takes over, that's not the kind of thing they'll want to see, is it?"

In another sense, too, apartheid has worked to the advantage of job-seeking professionals from outside.

The huge majority of African professionals arrived in South Africa by way of the four ostensibly independent homelands invented by South Africa as repositories for its unwanted blacks.

"The homelands were desperate for specialists to run their schools and clinics. And once a newcomer established himself in Transkei or Bophuthatwa, it was relatively easy to move, legally or not, across the unpoliced border into South Africa."

Dr. Kibuka, who was recruited first by a hospital in Bophuthatwa and later accepted for post-graduate work in Cape Town, estimated that today Ugandans alone make up 20 percent of the doctors and nurses and a quarter of the secondary school teachers in the four homelands.

"The migrants say they retain a loyalty to their home countries and intend some day to return. Many of them have bought property or invested in small businesses back home. In South Africa they are, for the most part, sympathetic but detached observers, wary of getting drawn into political squabbles."

They are sometimes started or offended by the unbridled racism that endures in the continent's last white-ruled country.

The Ghanaian lecturer, a leading specialist in his field, was humiliated to learn that before leasing a house in a white suburb he would be required to get letters of approval from at least six of his prospective neighbors.

They are cautious about South African blacks, who press them to get involved in political issues they do not regard as their own.

"We are uneasy," Dr. Kibuka said, "because we have left countries because of turmoil, we are very sensitive to turmoil elsewhere. We look at South Africa as a country on the edge."



Farmers returning to their fields within 10 kilometers of Mount Mayon despite warnings.

## Eruption Raises Philippine Alert

**MANILA** — Mount Mayon in the Philippines exploded in clouds of superheated steam, smoke and ash on Friday, and scientists warned of greater eruptions to come.

A series of explosions shook the crater of the volcano 330 kilometers (200 miles) south of Manila, spewing clouds of ash and sand high into the sky.

Hot pyroclastic sand, ash and rock spilled from the crater and tumbled 4.5 kilometers down deep gullies toward villages on the lower slopes.

Farmers who had refused to leave their homes and livestock fled after a rumble and clouds of gray

and black smoke signaled the start of the first eruption since 1984.

There were no reports of injuries, but volcanologists cautioned that the eruption was only a moderate start and could get worse.

"We think the big one has not happened yet," said Leonila Bautista, a volcano expert in Manila. "What happened this morning is a start and will go on for some hours and days."

More than 50,000 people living in the 10-kilometer danger area around the cone had been evacuated after a violent explosion last week killed more than 60 people. But even with lava pushing toward them, some refused to leave.

## From China, a Hint It's Seeking Aircraft Carrier

Agency France-Press

**BEIJING** — China plans to obtain its first aircraft carrier and has secretly trained officers to command it, an official report disclosed.

"People should not be surprised if one day in the future the silhouette of an aircraft carrier appears in China's navy fleet," Zhao Xianfeng, a military affairs reporter for the

official Liberation Army Daily, wrote in Chinese Youth, a magazine published by the Communist Youth League.

Beijing has no current plans to build or purchase a carrier, the report said, but "has never promised that it will never possess an aircraft carrier."

It was the first official indication of China's desire to obtain a carrier, although no

high-level Chinese official has ever said navy planned to add an aircraft carrier to the fleet.

The issue is a sensitive one for China's neighbors. Last September, when there were reports that Beijing would buy a carrier from Ukraine, the Japanese expressed misgivings.

China denied it had any intention of buying a carrier.

According to Mr. Zhao's article, Beijing set up a class in 1987 to train future commanders of an aircraft carrier. The group was formed on the deck of a former Soviet ship, General Liu Huoyang.

By the end of 1992, would-be commanders were sent to the most advanced Chinese-made guided missile destroyer to start sea training, according to Mr. Zhao's article.

### INTERNATIONAL FUNDS

Feb. 12, 1993

Table containing various international fund listings with columns for fund names, assets, and performance data. Includes sections for INTERNATIONAL FUNDS, EUROPEAN FUNDS, and OTHER FUNDS.

AS - Austrian Dollars; AS - Austrian Schillings; BE - Belgian Francs; CA - Canadian Dollars; DM - Deutsche Marks; EC - European Currency Unit; FF - French Francs; HK - Hong Kong Dollars; ILS - Israeli Lira; L - Luxembourg Franc; P - Pounds; S - Singapore Dollars; SF - Swiss Francs; Y - Yen; Z - Zairean Dollars; NL - Netherlands Guilder; Not Available; N.C. - Not Committed; p - New; S - Suspended; S.C. - Share Sale; L - Liquidated; E - Erased; \* - Other Price Ind. % Profit Charge; \*\* - Paris Exchange; American exchange; \* - misquoted error; \*\* - not registered with regulatory authority.

For information on how to list your fund, fax Simon OSBORN on (33-1) 46 37 21 33.



Two suspected Palestinian guerrillas riding off to jail in an Israeli Army jeep after their arrest Friday in Khan Younis in the Gaza Strip.

## Deal Done, Exile Crisis Still Nags At Israel

By Clyde Haberman  
New York Times Service

**JERUSALEM** — Despite an agreement with the United States last week that was supposed to lay the matter to rest, Israel has not been able to end the two-month-old crisis over its deportation of about 400 Palestinians to Lebanon. Israeli officials have said repeatedly in recent days that their focus is no longer on the banished Palestinians but on reviving the Middle East peace talks, which have been suspended for two months and are unlikely to resume for at least two more months.

On this score, they have support from the United States, which also says the attention should be on regional peace negotiations.

But despite the agreement, it has become clear that the deportation issue is not going to melt away as easily as the snow in southern Lebanon where the Palestinians have sat in their tent camp since their expulsion from Israeli-occupied territories on Dec. 17.

## ANC and Government Reach Accord on Power-Sharing

By Paul Taylor  
Washington Post Service

**JOHANNESBURG** — The governing National Party and the African National Congress were close to agreement Friday on effectively sharing power for as long as five years after South Africa's first universal suffrage election, which is expected in early 1994.

Neither side said a deal had been struck, but the two longtime rivals appeared to have made trade-offs on key issues of interim power-sharing and federalism during their fourth round of talks in the last two months.

"We have moved closer to each other," said Fanie Schoeman, deputy minister for constitutional affairs and a member of the government's negotiating team.

On the proposal for five years of power-sharing, Mr. Schoeman said the two sides had agreed that after an election next year for a legislative body to write a constitution and serve as a parliament, there would not have to be a second election for five more years.

"It is not a possibility, it is a fact," he said of that proposed timetable.

Because both the legislative and the executive branches of the government chosen in that first election would be constituted on the basis of proportional representation, and because the ANC and the National Party are expected, between them, to win at least 75 percent of the vote, the agreement effectively binds them to work together in a coalition government.

The ANC is thought likely to win more than 50 percent of the vote, and would thus be the senior partner. It remains to be negotiated how much blocking or veto power its junior and tertiary partners would have.

The ANC secretary-general, Cyril Ramaphosa, insisted Friday night that there had been no change in official ANC policy that there should be a second vote as quickly as possible after the first election and the writing of a constitution — a task he said could be completed within nine months.

Sources close to the negotiation said, however, that ANC negotiators had given private assurances on a five-year break between elections but did not want to acknowledge any deal publicly. They fear alienating supporters who are already accusing them of having made a pact with the devil.

On the issue of federalism, the ANC said the government had made an important concession by agreeing that the boundaries, powers and functions of the regions in post-apartheid South Africa would be determined by the constitution-writing body.

As a way to guarantee that the principle of federalism will be written into the new constitution, the government has apparently won its argument that some delegates to the constitution-writing body be elected from regional voter rolls — and that those delegates be granted special powers in deciding matters that affect regions.

## BALKANS: U.S. Ponders Level of Involvement in Bosnia Peace Talks

(Continued from page 1)

United Nations with Mr. Vance, now serving as the UN negotiator, and Lord Owen, the European Community mediator, early next week.

In unveiling the administration's initiative, Mr. Christopher said that the United States would push aggressively for the creation of a special international war crimes court, a suggestion he first made in his Senate confirmation hearings.

But at those hearings, Senator Joseph R. Biden Jr., Democrat of Delaware, asked him about the wisdom of negotiating with people the United States had labeled as war criminals, and whether he was concerned that a map drawn up under the Vance-Owen peace plan that left the Serbs in control of some of their conquered territory "ratified the atrocities of ethnic cleansing."

Mr. Christopher said that he had "a personal concern along these lines."

U.S. officials in Geneva have begun consultations with other countries about the creation of a war crimes tribunal, and the State Department has begun to examine how such a statute could be drafted, a department spokesman, Richard A. Boucher, said Thursday.

But in explaining the U.S. approach after it was announced, a senior administration official said of Mr. Milosevic and Mr. Karadzic's sitting at the negotiating table, "I don't think we're ready to bring any accusations or indictments at the present time."

There is similar confusion about whether territory conquered by force must be returned. Madeleine K. Albright, the U.S. delegate to the United Nations, said Thursday that the United States "will try to make a peace settlement which does not punish the victims and does not award the aggressors."

But other senior administration officials made clear that the United States had no intention of trying to roll back the gains of Serbian aggression, stressing that the goal was, as Mr. Christopher made clear, to get each of the three warring parties to make some concessions.

Mr. Bartholomew, who will report directly to Mr. Christopher, will work within the existing framework contained in the Vance-Owen plan, and the two negotiators have expressed relief that the United States would not bulldoze its way into the negotiations with a plan and a map of its own, but would be willing to work to improve those on the table.

But administration officials declined to say if the United States accepted the basic premise of the Vance-Owen plan that divides Bosnia-Herzegovina into 10 autonomous regions — most with strong majorities of one of the three main national groups.

## HIJACK: Pilots Group Complains of Lax Security

(Continued from page 1)

York on charges of air piracy, which carries 20 years to life in prison. He was held without bail.

A Frankfurt prosecutor, Hubert Harth, said that Mr. Demeke had boarded the plane with a ticket paid by German welfare authorities after he withdrew an application for political asylum on Feb. 1.

Mr. Demeke made two demands: that the plane be flown to New York and that he receive political asylum, an assistant U.S. attorney, Thomas Roche, said at the hijacker's arraignment in New York. Initial reports that Mr. Demeke also had demanded U.S. intervention in Bosnia were false, Mr. Roche said.

The hijacking ended without bloodshed when Mr. Demeke surrendered to the authorities in New York, leaving a note of thanks to the plane's pilot and asking for political asylum.

The gun he carried fires blanks, not bullets.

"Of course you could take any airport in the world and if you really wanted to get a weapon through or some kind of bomb device, I'm sure there would be a way," said the pilot of the hijacked flight, Gerhard Göbel, who was held at gunpoint during the 11-hour ordeal.

Nevertheless, he said he had no reason to doubt the quality of airport security in Frankfurt.

"I have been flying out of Frankfurt for nearly two years and I have no reason to believe the security of Frankfurt airport is below standard," he said.

But Mr. Kopf, the pilots' spokesman, said crews had long complained that cleaners and other staff only had to show identity cards before boarding, while passengers and crews were searched thoroughly before boarding a flight.

Passengers also have reported a relaxation of security since the end of the Gulf War last year. Then, all electronic devices had to be turned on to prove that they did not conceal bombs, but recently, even complex video equipment and laptop computers have been waved through security checks untested.

Frankfurt security personnel check boarding passengers manually and with hand-held metal detectors and screen all luggage with X-rays.

"If you want absolute security, you need a dictatorship," said Klaus Severin, the local head of the federal border police, which is responsible for airport security.

The Frankfurt-Cairo flight carried 104 passengers, including Americans, Japanese, Egyptians, Germans, a Canadian and a Somali priest whom German officials at one point identified as the hijacker.

Feodor Gouvern, a passenger from Venezuela, said the flight was going smoothly until the captain announced, "There's a young gentleman on board who does not want to go to Cairo, and he has a gun pointed at my head." The Associated Press reported from New York.

The plane was diverted to Hannover, Germany, where it was refueled. German officials said they let it take off for New York because the gunman had threatened to kill hostages. German authorities also said the hijacker gave assurances he would surrender once he arrived in the United States.

Mr. Göbel, the pilot, described the hijacker as "extremely nervous, high-strung, and I considered him to be extremely dangerous."

When he surrendered, the hijacker left behind the hat and a note for the pilot, said James M. Fox, head of the FBI's New York office. The note read: "Thank you. Here's yours, 'Tschüss' — German for 'so long.'"

## Bosnia Blocks Its Own Relief to Press UN

Compiled by Our Staff From Dispatches

**SARAJEVO, Bosnia-Herzegovina** — Hundreds of tons of supplies for relief efforts became piled up at the airport here Friday after Bosnian authorities refused to accept further humanitarian aid until settlements besieged by Serbian forces in eastern Bosnia were relieved.

Bosnian officials said more than 100,000 people were at risk from exposure and starvation in parts of eastern Bosnia sealed off by Serbs.

Most of the United Nations' efforts to reach the worst-hit areas have been unsuccessful. Sarajevo officials hope their refusal to accept the relief supplies will force the United Nations to use more aggressive means to get the supplies through.

Mayor Mubammed Kreslevjakovic said the blockade would continue as long as necessary.

"This is the least we can do for the thousands dying there," he said, referring to eastern Bosnia.

All but one of the 19 local distribution centers were closed Friday, and even the open one was not handing out aid, an employee said.

People interviewed on Sarajevo streets had mixed opinions of the Bosnian authorities' tactic.

"It is out fair," one man said. But another — who, like the first one, refused to give his name — called it a "smart move."

The United Nations High Commissioner for Refugees urged the Bosnian government to reverse its decision.

"We don't want to see people starving to death in a town that we risk our lives to feed," a spokesman for the commissioner's office said in Geneva.

She added that Sadako Ogata, the high commissioner for refugees, has asked the Bosnian Serb leader, Radovan Karadzic, to order Bosnian Serbs who are controlling eastern checkpoints to allow trucks with urgent food, medical and shelter supplies to pass through.

Larry Hollingworth, operations manager for the high commissioner's local office here, said the step by the Bosnian authorities amounted to "punishing the wrong people."

"Our drivers went through very heavy shelling to reach Sarajevo yesterday," he said, "only to be told they couldn't unload in the city."

With Sarajevo refusing to take delivery of further aid, officials estimated that 700 tons of supplies, including food and medicine, were piled up on the airport tarmac. Warehouse facilities at the airport, which comes under regular shelling and sniper fire, are minimal.

About 380,000 people in Sarajevo have become dependent on UN humanitarian assistance in the 10 months since Serbian forces surrounded the city and put it under siege.

There were these related developments Friday:

- In Moscow, Foreign Minister Andrei V. Kozirev told the Russian parliament he was optimistic that changing attitudes in Serbia would soon make UN sanctions against it unnecessary.
- "If Belgrade goes on the way it is now, the question of sanctions against Serbia will be over of its own accord," he said, adding that Russia would "be the first" to offer a resolution in the United Nations to lift the sanctions.
- Mr. Kozirev was reporting to the Congress of People's Deputies on Russia's policy on ending the conflict in the former Yugoslavia in advance of talks with President Bill Clinton's new envoy, Reginald Bartholomew.
- At the United Nations, the European Community mediator, Lord Owen, said that talks between Croatia and Serbia would begin their next week in an effort to renew a peace agreement that recently collapsed amid renewed fighting. He said Serbs in the Croatian enclave of Krajina who had earlier boycotted such negotiations had now agreed to attend peace talks at the UN in New York.
- In Geneva, a United Nations rights envoy, Tadeusz Mazowiecki, said in a report that atrocities against women and children were

still being committed in Bosnia-Herzegovina. Though political and military leaders of the Bosnian Serbs "bear the primary responsibility," he said, as the conflict goes on, "more and more atrocities are being committed by the other parties."

- A French legionnaire on peacekeeping duty died from wounds suffered in a mortar attack Friday.

## Yeltsin Loses a Court Battle Judges Rule He Can't Ban Hard-Line Group

The Associated Press

**MOSCOW** — Russia's constitutional court said Friday that President Boris N. Yeltsin did not have the right to ban a hard-line opposition group.

The decision came a day after Mr. Yeltsin and his chief adversary, Russian I. Chabulov, the parliamentary speaker, met to try to end a power struggle that has stalled the country's movement toward change. More meetings are scheduled for next week.

The court ruled, 11 to 2, that Mr. Yeltsin acted unconstitutionally when he issued a decree on Oct. 28, 1992, that outlawed the National Salvation Front, dominated by pro-Communists and Russian nationalists.

It was the second time the court, which he appointed, has overruled him. Last year, it upheld his 1991 ban on the Communist Party's national structures, but said he was wrong to outlaw the party's grassroots organizations.

Several groups of former Communists plan to rebuild the party at a congress this weekend, and the ruling on Friday may encourage other opposition groups to organize.

Mr. Yeltsin banned the Front five days after its first meeting, calling it an extremist organization committed to the "overthrow of legal authorities."

Its exact total of members is not known, but it claims 5,000 members in Moscow.

Vladimir Iakov, a hard-line legislator and founder of the Front, said the ruling was "the first battle we have won," and promised more skirmishes to come.

Mr. Yeltsin's press office and legal department, which drafts de-

crees, would not comment on the ruling.

The Front had ignored the ban and continued to organize across the country. Its leader, Ilya Kostantinov, said it represented 45 political and public organizations.

The court upheld a portion of the decree that permitted the government to outlaw groups that advocate the overthrow of the constitutional system, or kindle ethnic and social strife. It also affirmed an order to investigate unlawful paramilitary units.

**DEATH NOTICE**

**TIMMONS**

On Feb. 9, tragically at Mapperton, Dorset, Terry, aged 55. Sweetly remembered husband of Hilary, lovingly admired father of Patrick & Travis and beloved son-in-law of Lesell & Dorcen. Funeral due to be announced but any enquiries to: R. Davies & Son, Tel.: U.K. 272 424039.

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*International Herald Tribune*

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Eva Niestrath 'Non-Retrospective'

By David Galloway

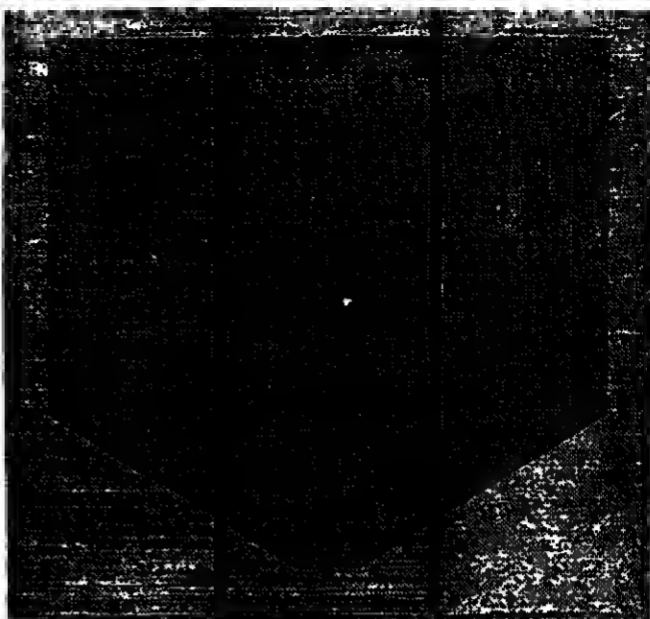
HAGEN, Germany — In a career that spanned nearly half a century and that was consistently oblivious to trends and market strategies, Eva Niestrath produced an oeuvre of sensitivity, originality and compelling power.

The first of these "non-retrospectives," as she termed them, has now opened at Hagen's Karl Ernst Osthaus Museum, where the retrospective, spartan beauty of individual pieces is underscored by a persuasively less-is-more installation.

Indeed, the entire show would seem to follow Walter Pater's famous dictum that "All art continuously aspires to the condition of music."

Niestrath's works are, in fact, conventionally assigned to the "Concrete Art" movement that propagated an autonomous form of expression that exists for itself, without reference to nature but with an underlying rhythmic organization like that of music.

There is scarcely a material — from papyrus to bronze, filter paper to wood, linen, brick, iron and volcanic stone — that did not take its place in her repertoire.



A 1978 untitled pencil on linen on wood by Niestrath.

strokes onto a wooden structure or incised into damp clay intended for casting in bronze or iron.

In some cases, this graffiti revealed itself to consist of a sensuously flowing, intertwined abstraction of the artist's own initials as though she were literally leaving her mark on the materials, yet never at the expense of their inherent structures.

Despite her reluctance to make public appearances, or statements or commitments, Niestrath welcomed a proposal by the Karl Ernst Osthaus Museum in Hagen, the city where she spent almost her entire artistic life, to stage an exhibition in other cities to round out the decade.

She collaborated intensively with the museum's staff, designed a catalogue and produced a virtuoso series of new sculptures though she was physically ill and nearly blind.

The non-retrospective that opened on Jan. 29 thus became a memorial show. But it was executed according to the artist's own precise instructions, which rejected chronology in favor of clusters of motifs and materials — principally works of the last decade — that reassert the fundamental consistencies in a life devoted to endowing inanimate matter with tension, drama and dignity.

Works by Eva Niestrath are on view at the Karl Ernst Osthaus Museum through March 14. The exhibition will go to Maastricht, from May 7 through June 13. Installation works are exhibited at the Markisches Museum in Witten, March 21 through April 30.

David Galloway is an art critic and freelance curator based in Wuppertal, Germany.



Glasses for sale at Sotheby's, including goblet with arms of Willem V of Orange and Nassau, second from left.

Objets d'Art, Without Hype

It does not take a mega-income to pay £2,300 (\$3,221), the amount that a very elegant wine glass made around 1740 cost in the first few minutes of the auction. It only requires a good eye. Everything here is about proportion and line.

SOUREN MELIKIAN

At wide intervals, the more important objects gave rise to outbursts of auction room fever, but without any mad excess. A Dutch glass was a masterpiece in form design and made more desirable by the superbly engraved arms of Willem V of Orange and Nassau.

When last sold at Christie's in Amsterdam as part of the celebrated Guépin collection, which was auctioned on July 5, 1989, it had gone up to 9,775 guilders, then about £3,000. On Tuesday, the glass went far above the estimate, £800 to £1,200 (plus the 15 percent premium) but remained well below the 1989 level, as it sold for £1,955 (about \$2,770).

This is not to say that glass collecting is impervious to fashions. In the 1980s, the Japanese took a strong interest in Bohemian glass of the 19th century, sending prices up. Later, the Norwegians caused a sharp rise in Norwegian glass when two silver collectors decided to turn their attention to glass — for which they paid the price of silverware.

speculation observed in paintings or Art Nouveau and Art Deco. This is in part because there is no way of stepping into the field without doing one's homework first. As Simon Cottle, Sotheby's expert in European glass, remarks, traps exist here as in any other field. This begins with condition. Lot 1 in the sale, an "Anglo-Netherlandish armorial goblet" made around 1680, as splendid for its shape as for its elegant engraved coat of arms, looked irresistible. Small white specks, like minute snowflakes, gave it a poetically cloudy effect.

That, alas, was the problem. The catalogue tersely notes that it is "crizzled," i.e. it suffers from a glass disease induced by extreme fluctuations in temperature and humidity. The crystallization of salts will eventually turn it to dust. Hence the deceptively moderate price, £3,450, the armorial goblet brought at the sale.

Some thorny authenticity problems arise. Undecorated pieces of the 18th century were sometimes enhanced with engraved decoration in the 19th century. With modern glues, "marriages" can be arranged between a stem from one piece and a bowl from another. A seemingly intact object is thus created from worthless fragments or broken pieces. Self-training — in museums, antique shops, and auction houses — is necessary and takes years. The reward is the ability to buy in peace fine objects for very little because only rare collector's pieces generate competition.

The only other field where this is equally true is probably British ceramics. Although the number of players is larger, this, too, is a steady market, dominated by sophisticated buyers.

This was demonstrated on Tuesday morning when pottery followed close on glass. The early facience was not great. Many pieces were left unsold, or sold for very little. No one here is impressed by an early 18th-century drug jar in London delaware if it is of no merit other than its period — such a jar remained unsold at £380.

strong element of novelty to stir up a traditional attendance of collectors and the afternoon session had it. A group of 63 lots of English blue and white porcelain of the 18th century from a collection formed before World War I had turned up like a forgotten time capsule. Allison Bremner lived in Kent at a time when the best was available and she had a remarkable eye.

The cognoscenti were further excited by the presence in her collection of a group of vessels from a factory that was only identified two years ago, discovered during the digging of a tunnel between the Docklands and Canary Wharf. Bernard Watney, a specialist in English Blue and White, conducted excavations through the area where he thought the Limehouse factory must have been located. Sherds were found, providing evidence presented in 1991 by Watney.

THE newly identified Limehouse wares from the Bremner collection electrified the attendance. A scallop shell dish decorated with a Chinaman in a garden tripled the high estimate at £5,060. A pickle leaf dish painted like the first Limehouse dish around 1744-1748, nearly quadrupled its estimate as it climbed to £2,990.

For a monumental piece, however, Arney plausibly thought that £20,000 to £30,000 was a reasonable estimate. The collectors, dazzled but uncertain about the estimate, sat on their hands. The tureen was bought in at £12,000. As soon as the sale was over, inquiries directed at Arney started coming in. Did he really think the tureen was worth that much? He did. Arney says that the tureen has now been sold to one collector "not far below the estimate."

Interestingly, even in the more excited atmosphere of the afternoon, fine pieces could still be bought at accessible prices. A Worcester cabbage leaf molded jug decorated in underglaze blue and gilding around 1783-1788 cost its inspired buyer £506. The auctioneer, this time Mark Newstead, took the bids briskly but unflappably. It was all cool, courteous, and professional. Collecting in that most traditional British field suddenly seemed to have brought back the traditional British way of life as it used to be, a long time ago.

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Herald Tribune

Back With the People

Clinton's Trip Is Timely

President Bill Clinton got out of Washington this week and not a minute too soon. Sure, he has had moments of triumph, like his swift reversal of the Bush administration's mean-spirited restrictions on abortion counseling and Congress's approval of the Family Leave Act. Otherwise the early weeks of the administration have conveyed all the dignity and order of a mudslide.

'Permanent Campaign'

There is nothing wrong, and much right, with President Bill Clinton's decision to do his own version of talk television and to give citizens a chance to ask him questions and offer their views. The questions were good the other night in Detroit, civil but to the point. Mr. Clinton found himself "pressed sharply" on issues ranging from middle-class tax increases to gays in the military to the administration's difficult time in finding an attorney general.

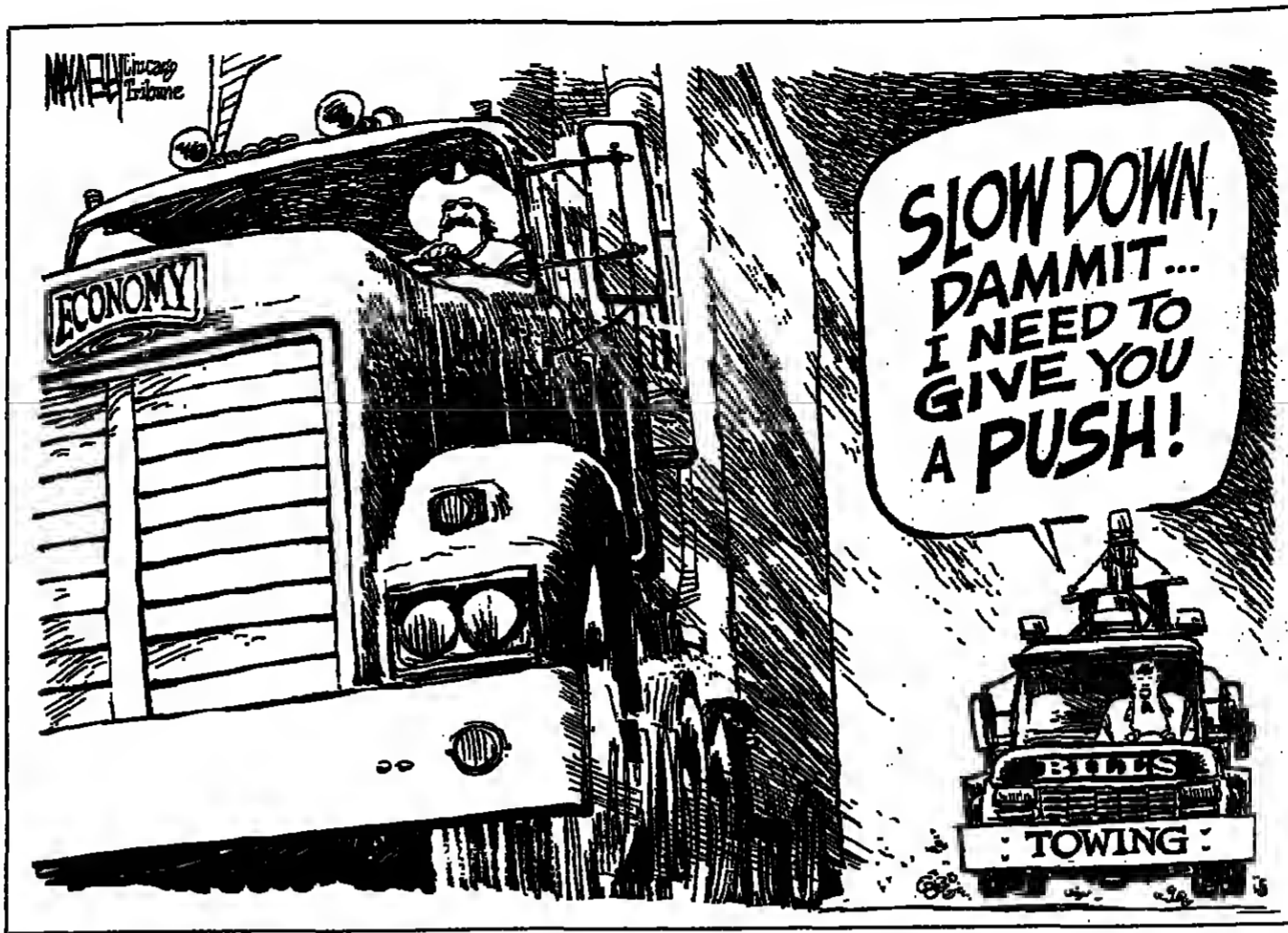
The Job for Janet Reno

President Bill Clinton appeared to be both relieved and pleased as he introduced his latest nominee to be attorney general Thursday afternoon. In her brief first appearance, the candidate, Janet Reno, gave viewers the impression that the president's confidence is well-placed. She came across as a self-assured, no-nonsense woman who is at ease with tough cases and public scrutiny.

Other Comment

Justice's Next Boss
The job of U.S. attorney general is a tough one. Janet Reno, the newest nominee for the post, has her work cut out for her. The Department of Justice is not a large-scale replica of a district attorney's office. It is an important federal bureaucracy with a multibillion-dollar budget. The attorney general is largely responsible for its policy direction, under the president. This means setting priorities, energizing career lawyers, and identifying and implementing the legislative agenda.

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Clinton's Bosnia Plan: Honorable, Ultimately Futile

NEW YORK — The Clinton administration's plan for Yugoslavia is stronger than one would have expected, although not strong enough. For the first time, the United States has a comprehensive and active position on Yugoslavia, and this will make a difference. It makes it more likely that some kind of agreement will be found. It does not mean that any agreement actually found will result in a settlement — a valid one, which lasts.

Perhaps the Russians Will Help Him See the Light

WASHINGTON — Bill Clinton knows what he wants to do on domestic policy. On foreign policy he does not. He knows only that he wants to do good. It is a dangerous impulse. It is particularly dangerous in the Balkans, a swamp of historical grievances. Bill Clinton came upon the Balkans and decided that he was wiser to do better than Cyrus Vance and David Owen who, after five months of negotiations, finally produced a peace plan.

Drug War: Opening Shots for Clinton

NEW YORK — Now that everybody is totally alert to the danger from alien ruminants, perhaps Americans and their new administration will find a little more time and thought to deal with an even greater threat to society.
Drugs. Do you remember drugs? Drugs, as in crack babies doomed to a misty, stumbling life, as in gangs spraying bullets into passers-by, as in jammed jails and emergency rooms, hundreds of billions lost in production, the spread of AIDS, mentally disturbed homeless driven to madness, as in 10-year-old pushers.

Pyongyang Turns Up The Heat

WASHINGTON — North Korea's recent refusal to allow experts from the International Atomic Energy Agency to visit two suspected nuclear waste sites has prompted the agency to request a rare special inspection. It is the latest evidence of rising alarm over the North Korean program. The prospect of a nuclear-armed Pyongyang has serious implications for U.S. security interests in Korea and Northeast Asia, as well as for international efforts to stop the spread of nuclear arms.

1893: Panama Question
WASHINGTON — The United States Minister at Bogota has been instructed to intimate to the Colombian Government that the United States would be pleased not to have the present concession for the construction of a canal across the Isthmus of Panama renewed, and hoped that no new concession would be granted to any European company.

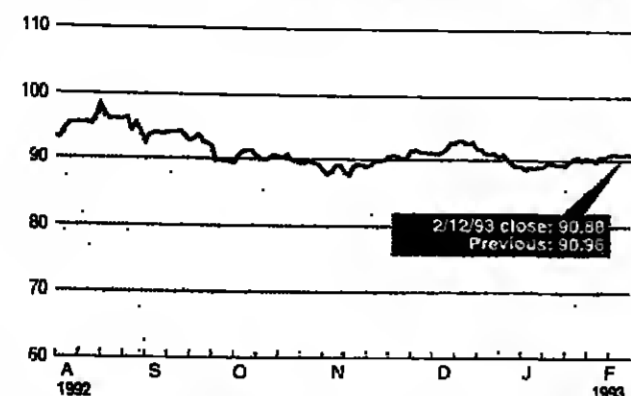
1943: Rommel Escapes
PARIS — [From our New York edition:] The Dakar radio said yesterday [Feb. 12] that German Field Marshal Erwin Rommel had been captured by British officers during a tank battle in Tunisia, but then eluded his captors. "During a close encounter between British and German tanks," the broadcast said, "a close race between British and German officers occurred, during which a few British officers were captured by the Germans. However, they were able to free themselves, and in turn brought a few Germans. One of the German officers managed to escape before they reached safe ground. Later it became known that this officer actually was Marshal Rommel."

سكنا من الامم



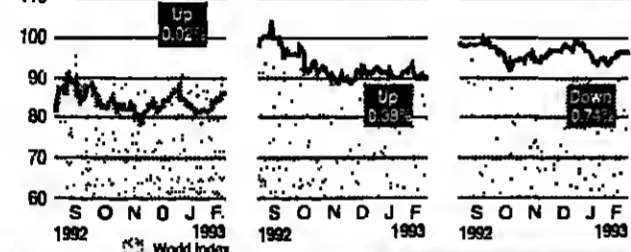
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International Herald Tribune World Stock Index, composed of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.



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Asia/Pacific	Europe	N. America
Approx. weighting: 25%	Approx. weighting: 40%	Approx. weighting: 35%
Close: 86.27 Prev: 86.25	Close: 90.67 Prev: 90.33	Close: 93.00 Prev: 92.72



Industrial Sectors	Fit. close	Prev. close	% change
Energy	94.20	94.95	-0.79
Utilities	88.02	87.98	+0.05
Finance	85.70	85.26	+0.52
Services	103.52	103.35	+0.16
Capital Goods	89.92	90.48	-0.62
Raw Materials	93.46	93.54	-0.09
Consumer Goods	87.31	87.77	-0.52
Miscellaneous	93.28	93.48	-0.21

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to: Trib Index, 161 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

**Bronfmans To Sell Stake In Labatt Brewery**

By Clyde H. Farnsworth  
New York Times Service

TORONTO—Brascan Ltd., Peter and Edward Bronfman's sprawling conglomerate of 500 private companies, announced Friday that it had sold its controlling 37.3 percent stake in John Labatt Ltd., Canada's second largest brewery, for 993 million Canadian dollars (\$790 million).

It was the second largest asset sale this week by the "other" Bronfmans—not the Seagram branch of the family—as concerns have risen about deterioration of Brascan's financial assets after the meltdown of the Reichmann family's Toronto-based real estate empire, Olympia & York Developments Ltd.

Brascan's other big sale, announced Tuesday, was its 49 percent stake in MacMillan Bloedel Ltd., a leading forest products company, held by Brascan's Noranda Forest Inc. That transaction yielded 971 million dollars.

In both transactions a consortium of investment dealers has acquired the stock and will offer it to the general public. The consortium of the Labatt sale is led by Wood Gundy and Gordon Capital.

The shares of Labatt, which is Canada's second largest brewery after Molson and which also owns 90 percent of the Toronto Blue Jays baseball team, will be offered to the public until March 8 for 23.25 dollars a share, about the level the stock traded at Thursday. But it fell Friday to 26.63 dollars.

The two transactions will pump more than 1.96 billion dollars into an empire that in recent months has been forced to generate cash to bolster holdings weakened by the severe Canadian recession and the backlash from the O & Y collapse.

The deals were announced after sharp declines in the valuation of the Bronfmans' holdings on Canadian exchanges and signals of concern from the federal government.

Michael Mackenzie, the federal superintendent of financial institutions has moved to learn the full extent of Canadian institutions' vulnerability. But unlike O & Y, Brascan has not missed debt payments.

**U.K. Inflation Hits 25-Year Low**

Compiled by Our Staff From Dispatches

LONDON — British retail price inflation hit a 25-year low last month, figures released on Friday showed, but the government ruled out any further quick cuts in interest rates.

Inflation at the retail level fell to 1.7 percent year-on-year in January from 2.6 percent a month earlier. The underlying measure of inflation, which strips out mortgage payments and which the government monitors closely, fell to 3.2 percent from 3.7 percent in December.

The greater than expected drop sent the pound to a record low against the Deutsche mark in the afternoon, before recovering to 2.3575 DM after comments by the chancellor of the Exchequer.

The numbers also tempted buyers back onto the London Stock Exchange. The key Financial Times Stock Exchange 100-share index closed up 8.7 points, or 0.3 percent, at 2,843.0.

Government bond prices rocketed by as many as 2 points, led by long-term issues. The 9 percent bond due 2008 slid below 8.5 percent for the first time since at least July 1987, prompting the Bank of England to sell £800 million (\$1.13 billion) of bonds due between 2000 and 2012.

Chancellor Norman Lamont issued a statement to try to damp speculation about interest rate cuts. He said the government saw no scope for further cuts to get the recession-hit economy moving.

Pointing to the inflation numbers, he said, "the task now is to consolidate this progress and maintain downward pressure on underlying inflation. Interest rates will be set to achieve that objective. On the basis of all the available evidence I do not believe that there

is any scope for a further reduction in interest rates."

Yet economists were skeptical whether Mr. Lamont could resist political pressure to cut interest rates. They warned that price discounting during January was largely responsible for the fall in the annual inflation rate and that this is unlikely to be sustained.

"It has to be welcomed as good news, but there is a question-mark over how sustainable it will be," said Nigel Richardson, U.K. economist at Yamaichi International.

And the effects of the pound's devaluation since last September could force the rate back up again as the year progresses.

"The recovery is going to remain patchy for some time and against that background the temptation is to cut rates again," added Gwyn Haecce, economist at James Capel in London. (Reuters, Knight-Ridder, Bloomberg)

**Fokker Deal Is Stymied**

**Dutch Refuse Bid To Give Daimler 'Blank Check'**

Compiled by Our Staff From Dispatches

THE HAGUE — The Netherlands on Friday rejected the latest offer by Daimler-Benz AG to take control of Fokker NV, saying the German company's demand for unlimited compensation for the costs of closing operations at the Dutch plane maker was unacceptable.

Economy Minister Koos Andriessen said he wrote to Daimler's aerospace subsidiary, Deutsche Aerospace AG, to say the obligation must be removed before the government would allow the company to acquire a 51 percent stake in Fokker.

There was no immediate reaction from Daimler.

Daimler's latest proposal, widely reported as the company's final offer, was made Thursday. Fokker's chairman said Friday that the new offer for control of the airplane maker was worth about 714 million guilders (\$383.87), down from the 880 million bid in October.

The lower price would mean Daimler is offering only 714 million guilders for the total of 23.8 million shares, compared with 880 million guilders offered in the October agreement.

"I have to reject the open-ended support you ask for," Mr. Andriessen said in a letter to Deutsche Aerospace, which was made available to the media. He said the support was unacceptable as it entailed handing unspecified layoff and reorganization costs.

"We cannot offer a blank check," Mr. Andriessen said later. He added that he wanted the negotiations to continue.

Stock analysts said Mr. Andriessen, smarting from criticism of his failure to put together a rescue package for DAF NV, the unprofitable Dutch truckmaker that is being run by court-appointed administrators, could not afford to

See FOKKER, Page 10

**Pound Still Vulnerable to Rate-Cut Fears**

By Carl Gewirtz  
International Herald Tribune

PARIS — A better than expected drop in inflation and some jobbing by the British government helped the pound recover from a record low set early Friday, but the currency's next move, analysts said, hinges on whether the government can live up to a promise to abstain from politically popular interest-rate cuts.

The decline, to 2.3280 Deutsche marks, prompted the chancellor of the Exchequer, Norman Lamont, to say he sees no "further scope for interest rate cuts."

Dealers said they suspected the Bank of England had intervened to support the currency.

Short-term U.K. rates have fallen 9 percentage points since Britain quit the European Community's exchange-rate mechanism in September and regained the liberty to run an independent monetary policy.

But fear of continued reductions in short-term rates, currently at 6 percent and widely expected to drop by at least another full point when the budget is presented next month, and the impact of this easing and the devaluation

of the pound may have on inflation have undermined confidence in the currency.

Mr. Lamont's statement, coupled with the release of inflation data for January helped the pound to recover to 2.3575 DM by the close of trading, slightly above Thursday's late rate of 2.3513 DM. Data showing a monthly decline of 0.9 percent in the cost of living and an annual rise of only 1.7 percent — a 25-year low.

"It looks, for now, as if the worst is over," said George Magnus at S.G. Warburg. "The heavy

burning suggests sterling is building a base, it looks as if it's found a floor."

But he and other analysts said there is scope for further weakness if the government does cut interest rates at a pace that exceeds the expected decline in rates in Germany and elsewhere on the Continent.

"Sterling appears to have stabilized, but I don't think there's a strong case to buy it," said Neil MacKinnon, London-based analyst at Citibank.

"Interest-rate reductions may See POUND, Page 10

**CITIC Slows Hong Kong Investment**

Bloomberg Business News

HONG KONG — The China-controlled CITIC Pacific, one of Hong Kong's major holding companies, says it will invest in China rather than Hong Kong until the Chinese-British conflict over political reform in the territory is resolved.

"There aren't very many infrastructure projects in Hong Kong, particularly in the current political climate," said Peter Lee, the executive director of CITIC Pacific. "On a practical basis there are more things to be done in China right now."

Hong Kong's huge infrastructure developments — a new airport on

the western edge of the territory and a number of projects that support it — have been put on hold while China and Britain argue about the political development of the territory before 1997, when the colony reverts to Chinese sovereignty.

CITIC Pacific, a unit of China International Trust & Investment Corp. and China's main listed investment vehicle in Hong Kong, has said that its long-term objective is to develop a large and diversified business with an emphasis on trading and infrastructure.

On Friday its minority shareholders brought it a step closer to that. At an extraordinary meeting, they unanimously approved the

company's purchase of a 12 percent stake in Hong Kong Telecommunications Ltd. for 10.4 billion Hong Kong dollars (\$1.3 billion); controlling interests in two China power stations, and a 20 percent stake in a Hong Kong chemical waste treatment plant.

"The great thing about CITIC Pacific is that it is so focused," said Joseph Jacobelli, investment analyst at Nomura Research Institute Hong Kong. "They want to remain solely a trading and infrastructure play and that's been good news."

China's State Council, or cabinet, established CITIC Pacific's parent in 1979. Its mission was to facilitate China's modernization

and economic reforms by importing advanced technology and management expertise.

In effect, CITIC has become China's de facto international investment bank. It established a Hong Kong office in 1980 and reorganized its business under the umbrella of CITIC Hong Kong. Analysts expect that eventually CITIC Hong Kong will inject all its major assets into CITIC Pacific.

Peregrine Brokerage reports that the CITIC group's investment portfolio in Hong Kong alone is worth more than 30 billion dollars.

"Now CITIC Pacific has a track record," Mr. Jacobelli said.

**ECONOMIC SCENE**

**How a Big Oil Company Took the Green Pledge**

By Matthew L. Wald  
New York Times Service

NEW YORK — The Valdez Principles, a code of corporate environmental conduct devised after the 1989 Alaskan oil spill, won its first major corporate endorsement this week. And the company that signed on is an oil company, Sun Co. of Philadelphia, the 12th-largest oil company in the United States, became on Thursday the first Fortune 500 company to endorse the principles.

Fifty smaller companies have already backed them. In May, a resolution endorsing the principles was submitted at the company's shareholder meeting by the New York City pension system but drew just 6 percent support. After the vote, though, management met with the principles' backers and worked out a compromise.

Sun negotiated various "adaptations" of the principles to fit its business.

For example, the first of the 10 principles, protection of the biosphere, says, "We will reduce and make continual progress toward eliminating the release of any substance that may cause environmental damage to the air, water, or the earth or its inhabitants."

Some environmentalists would say that includes the pollutants that are released when Sun's gasoline is burned, along with the carbon dioxide.

In the statement adopted by Sun, the company says, "We will reduce our overall emissions to the environment (air, water and land) with special emphasis on toxic substances." "This is not a commitment to go out of the petrochemical business or the fuels business," Sun's chairman and chief executive, Robert H. Campbell, said at a ceremony in New York.

But, he said, there was "tremendous philosophical congruence" between what Sun was already doing and the environmental principles. He said, however, that he did not foresee major changes in operations.

The principles were renamed last year and now known as Ceres, for Coalition for Environmentally Responsible Economies. Joan Bavaria, co-chairwoman of Ceres, said discussions were continuing with other oil companies. Exxon is not among them, she said.

Sun negotiated 'adaptations' of the principles to fit its business.

**American Airlines Rattles Its Sabre**

By Edwin McDowell  
New York Times Service

NEW YORK — American Airlines said Friday that it had filed complaints of unfair competition with the Department of Transportation, charging Air France and Iberia with effectively denying it the opportunity to sell Sabre, its computer reservations system, in France and Spain.

The complaints, filed Thursday, also named the French and Spanish governments. As owners of the two airlines, American said, they have allowed anti-competitive behavior that has resulted in a virtual monopoly for Amadeus, the reservation system owned by an assortment of carriers including Air France and Iberia.

The most objectionable aspect of that be-

havior, according to American, is that both countries prohibit Sabre from displaying domestic flight information about the affiliate carriers of Air France and Iberia — affiliates that account for more than 50 percent of all travel agency bookings in both countries. Partly as a consequence, Amadeus controls more than 80 percent of the computer reservation market in Spain and France.

Travel agents use computerized systems to look at schedules, search for the lowest fares, and to make airplane, rental car and hotel reservations. They not only pay for use of the systems, they also tend to book flights on the carriers that own the systems.

In its complaint American asked the Department of Transportation to order each computer reservations system in the United

States to deny access to Air France, Iberia and their domestic affiliates unless they agree to participate in Sabre.

"Without the local carriers being available in the system, you don't have a robust enough product," said Kathy Misunas, president of Sabre Travel Information Network. Sabre is a division of American Airlines.

Sabre had built up a limited base of travel agency customers in both countries, Ms. Misunas said, and managed to retain many of them by persuading them that it was likely to gain the participation of the domestic carriers. Last year it filed complaints against Air France and Iberia with the European Commission. Those complaints are still under consideration.

**Paris Says Clinton Remarks Hurt Trade**

Compiled by Our Staff From Dispatches

PARIS — France on Friday accused President Bill Clinton of jeopardizing trans-Atlantic trade relations when he attacked European subsidies for the Airbus aircraft consortium earlier this week.

Mr. Clinton's statements "amount on top of decisions by the new administration on steel exports and public contracts" in the European Community, said a Foreign Ministry spokesman, Daniel Bernard.

"All this does not contribute to easing trade relations between the European Community and the United States while the GATT negotiations are taking place," he told a news briefing. Mr. Bernard was referring to negotiations under the General Agreement on Tariffs and Trade to liberalize world trade.

Noting that U.S. plane makers also received federal aid for research and development, Mr. Bernard said France wanted last year's U.S.-EC agreement limiting state aid to the aviation industry to be implemented and extended to other countries.

"We recall that the joint objective of the United States and Europe to reduce and limit the support which both sides give to the aircraft industry led to negotiations lasting nearly seven years for an agreement signed on July 17, 1992," he said.

Mr. Clinton said on Wednesday: "The Europeans are going to have to quit subsidizing Airbus and trying to deny us access to those contracts. I am not going to roll over and play dead."

In Brussels, meanwhile, an EC spokesman said the Community had stopped subsidizing its civil aviation industry since the July agreement.

"The Community is not subsidizing Airbus or any other civil aircraft," a spokesman for the EC commission said.

"As far as we are concerned, an agreement on Airbus has already been reached and we are respecting the agreement," the spokesman said.

Separately, Sir Leon Brittan, the European Community's top trade negotiator, asked U.S. Trade Representative Mickey Kantor to join him in a new, more aggressive approach to global trade talks. "We need a new approach," Sir Leon told reporters at a news conference in Washington.

He proposed using a "parallel" approach, where each side would take action by itself to reduce trade barriers instead of waiting for the other side to compromise first. Mr. Kantor was receptive to the idea, Sir Leon said.

"Thus far, the unilateral actions on both sides have had a more negative tone, with threats to impose permanent duties and restrict each other from certain markets. Although 'each side knows what it will compromise on' to get the talks moving, neither will act until the other takes a first step," Sir Leon said. Now is the time for each party to take first steps in union, he said.

Sir Leon said he doesn't know what the Clinton administration's position is on the agreements worked out with the Bush administration. Moreover, he won't know until he begins "hand-to-hand" negotiations with Mr. Kantor.

Negotiations could begin soon, Sir Leon invited Mr. Kantor to Brussels "at his earliest convenience," and the American accepted. (Reuters, Bloomberg)

CURRENCY & INTEREST RATES		Eurocurrency Deposits		Key Money Rates		Gold	
Feb. 12		Feb. 12		Feb. 12		Feb. 12	
<b>Cross Rates</b>	<b>Dollar</b>	<b>Dollar</b>	<b>Dollar</b>	<b>3-month</b>	<b>3-month</b>	<b>A.M.</b>	<b>P.M.</b>
Amsterdam	1.81 2485	1.00 1.00	1.00 1.00	1-month	3.25 3.25	300.80	325.65
Berlin	3.36 4230	1.00 1.00	1.00 1.00	6-month	3.75 3.75	320.00	325.00
London (a)	1.60 1.60	1.00 1.00	1.00 1.00	1-year	4.25 4.25	319.00	324.00
Madrid	162.00 162.00	1.00 1.00	1.00 1.00	1-year Govt bond	6.50 6.50	318.00	323.00
Paris	6.56 6.56	1.00 1.00	1.00 1.00	1-year Eurobond	6.00 6.00	317.00	322.00
Frankfurt	3.36 4230	1.00 1.00	1.00 1.00	1-year Bank of Tokyo	5.75 5.75	316.00	321.00
Hong Kong	7.75 7.75	1.00 1.00	1.00 1.00	1-year Citibank	5.50 5.50	315.00	320.00
India	47.83 47.83	1.00 1.00	1.00 1.00	1-year HSBC	5.25 5.25	314.00	319.00
Japan	163.90 163.90	1.00 1.00	1.00 1.00	1-year UBS	5.00 5.00	313.00	318.00
Malaysia	3.80 3.80	1.00 1.00	1.00 1.00	1-year Commerzbank	4.75 4.75	312.00	317.00
Netherlands	2.20 2.20	1.00 1.00	1.00 1.00	1-year Societe Generale	4.50 4.50	311.00	316.00
New York (b)	1.00 1.00	1.00 1.00	1.00 1.00	1-year Paribas	4.25 4.25	310.00	315.00
Porto	205.48 205.48	1.00 1.00	1.00 1.00	1-month interbank	3.75 3.75	309.00	314.00
Taiwan	20.36 20.36	1.00 1.00	1.00 1.00	3-month interbank	3.25 3.25	308.00	313.00
Toronto	1.36 1.36	1.00 1.00	1.00 1.00	6-month interbank	2.75 2.75	307.00	312.00
Zurich	1.48 1.48	1.00 1.00	1.00 1.00	1-year OAT	2.25 2.25	306.00	311.00
1 ECU	1.93 1.93	1.00 1.00	1.00 1.00	1-month Treasury bill	3.25 3.25	305.00	310.00
1 SDR	1.36 1.36	1.00 1.00	1.00 1.00	3-month Treasury bill	3.75 3.75	304.00	309.00
				6-month Treasury bill	4.25 4.25	303.00	308.00
				1-year Treasury bill	4.75 4.75	302.00	307.00
				1-month interbank	3.25 3.25	301.00	306.00
				3-month interbank	2.75 2.75	300.00	305.00
				6-month interbank	2.25 2.25	299.00	304.00
				1-year interbank	1.75 1.75	298.00	303.00
				1-month Treasury	3.25 3.25	297.00	302.00
				3-month Treasury	3.75 3.75	296.00	301.00
				6-month Treasury	4.25 4.25	295.00	300.00
				1-year Treasury	4.75 4.75	294.00	299.00
				1-month Eurobond	3.25 3.25	293.00	298.00
				3-month Eurobond	2.75 2.75	292.00	297.00
				6-month Eurobond	2.25 2.25	291.00	296.00
				1-year Eurobond	1.75 1.75	290.00	295.00
				1-month Bank of Tokyo	5.75 5.75	289.00	294.00
				3-month Bank of Tokyo	5.25 5.25	2	

MARKET DIARY

Fears of Tax Rise Send Stocks Lower

Bloomberg Business News NEW YORK — Stock prices fell Friday as investors considered possible tax increases in President Bill Clinton's deficit-cutting package.

An early slump in Treasury bond prices, as well as plunges in health-care and oil stocks, also drove shares lower, traders said.

The Dow Jones industrial average fell 30.26 to close at a session low of 3,392.43, down 49.71 points from its all-time closing high of 3,442.14, set last Friday.

a little bit," he said. "That tends to push down interest rates, but it also lowers corporate profits."

Mr. Clinton slated to deliver the State of the Union address on Wednesday, is said to be ready to propose an economic plan aimed at reducing the budget deficit.

The Treasury's 30-year bonds recouped an early drop to close 10.32 higher Friday at 100 1/32 amid continued hopes for deficit reduction.

N.Y. Stocks

low of 3,392.43, down 49.71 points from its all-time closing high of 3,442.14, set last Friday.

Declining stocks topped advances by a 9-to-5 ratio on the New York Stock Exchange.

POUND: Still Hostage to Rates

(Continued from first page) now be on hold, but the market remains skeptical," he said.

He and Mr. Magnus don't rule out the possibility of a renewed decline to the area of 2.20 DM, but they also agree that the impact of a further rate cut on the pound could be mitigated if by that time evidence of a deep slump in Germany has led to big rate cuts there.

Brendan Brown at Mitsubishi Finance in London sees the pound "already oversold." In his view, the yield gap between short-term U.K. and German rates, currently around 2.375 percentage points, is at its peak.

"With the U.K. economy likely to recover before Germany's, the yield gap is likely to narrow" as British rates start to firm while Germany's continue to decline, he said.

Ian Amstad at Bankers Trust in London sees little danger that the

Dollar Mixed in N.Y.

The U.S. dollar closed mixed on Friday in New York trading that ended early ahead of the holiday weekend, wire services reported.

The pound ended at \$1.4205, up from \$1.4175 on Thursday. The U.S. currency closed at 1.6604 DM, up from 1.6575 on Thursday, and at 120.675 yen, down from 121.20. U.S. markets are closed Monday because of Presidents' Day.

The dollar also ended at 1.5345 Swiss francs, down from 1.5355, and at 5.6165 French francs, up from 5.6070.

lo London, the dollar was quoted at 120.625 yen, up from 119.95 late Thursday, and at 1.6955 Deutsche marks, up from 1.6895.

The Dow



Dow Jones Averages

Table with columns: Index, High, Low, Close, Change. Includes Dow Jones Industrial Average, Standard & Poor's 500, NYSE Most Active, AMEX Most Active, NYSE Daily, Amex Daily, NASDAQ Daily.

EUROPEAN FUTURES

Table with columns: Class, High, Low, Close, Change. Includes COFFEE (FOX), COCA (FOA), WHITE SUGAR (WHF), METALS, FINANCIAL.

GERMAN GOVERNMENT BOND (LIFPE)

Table with columns: Maturity, High, Low, Close, Change. Includes 10 Year, 5 Year, 3 Year, 1 Year.

Wholesale Prices Still Under Control

WASHINGTON (AP) — Wholesale prices remained under control in January, the government said Friday in one of three economic reports suggesting continued gradual economic improvement.

Being to Lay Off 1,000 in Kansas

SEATTLE (AP) — Boeing Co. is to lay off 1,000 employees at its plant in Wichita, Kansas, in three months because of declining production.

Campbell Soup to Consolidate Plants

CAMDEN, New Jersey (AP) — Campbell Soup Co. plans to close two plants and sell some of its less profitable businesses in a restructuring move that will affect 1,300 jobs, the company announced Friday.

Kemper May Pursue Public Offering

LONG GROVE, Illinois (Bloomberg) — Kemper Corp. may spin off its brokerage unit through a public offering this year, people familiar with the situation said.

Salomon Weighs Selling Refineries

NEW YORK (Bloomberg) — Salomon Inc. is considering selling its four Philbro Energy USA oil refineries, a Salomon official said Friday.

McDonald's Signs Recording Deal

LOS ANGELES (Reuters) — Rhino Records said it had struck a licensing deal with McDonald's Corp. to produce and market a series of children's recordings featuring McDonald's characters such as Ronald McDonald, the Hamburglar and Grimace.

NYSE Most Active

Table with columns: Vol., High, Low, Last, Chg. Includes RJR Nab, Amgen, Amgen, Amgen, Amgen.

AMEX Stock Index

Table with columns: High, Low, Close, Change. Includes 41.53, 41.56, 41.67, -1.58.

Stock Indexes

Table with columns: Index, High, Low, Close, Change. Includes FTSE 100, Nikkei, Hang Seng.

Spot Commodities

Table with columns: Commodity, Today, Prev. Includes Aluminum, Copper, Gold.

AMEX Most Active

Table with columns: Vol., High, Low, Last, Chg. Includes Hilltop, Greylane, Greylane, Greylane.

Dow Jones Bond Averages

Table with columns: Bond, High, Low, Close, Change. Includes 10 Year, 5 Year, 3 Year, 1 Year.

Financial

Table with columns: Index, High, Low, Close, Change. Includes 3-MONTH EURO, 6-MONTH EURO, 9-MONTH EURO.

Dividends

Table with columns: Company, Dividend, Ex-Div. Date, Pay Date. Includes Procter & Gamble, Johnson & Johnson.

NYSE Daily

Table with columns: Index, High, Low, Close, Change. Includes 3,392.43, 3,392.43, 3,392.43, -49.71.

S&P 100 Index Options

Table with columns: Strike, Call, Put, High, Low, Last, Chg. Includes 100, 110, 120, 130.

U.S. FUTURES

Table with columns: Season, High, Low, Open, High, Low, Close, Chg. Includes Wheat, Corn, Soybeans.

Metals

Table with columns: Metal, High, Low, Close, Change. Includes Aluminum, Copper, Gold.

Stock Indexes

Table with columns: Index, High, Low, Close, Change. Includes FTSE 100, Nikkei, Hang Seng.

Amex Daily

Table with columns: Index, High, Low, Close, Change. Includes 41.53, 41.56, 41.67, -1.58.

NASDAQ Daily

Table with columns: Index, High, Low, Close, Change. Includes 1,178, 1,178, 1,178, -1.04.

Grains

Table with columns: Grain, High, Low, Close, Change. Includes Wheat, Corn, Soybeans.

Metals

Table with columns: Metal, High, Low, Close, Change. Includes Aluminum, Copper, Gold.

Industries

Table with columns: Industry, High, Low, Close, Change. Includes Chemicals, Electronics, Health Care.

WORLD STOCK MARKETS

Large table listing stock market indices for various countries including Amsterdam, Brussels, Frankfurt, London, Madrid, Milan, Montreal, Sao Paulo, Singapore, Stockholm, Tokyo, Toronto, Zurich.

FOKKER: Dutch Refuse Offer

(Continued from first page) shares to be issued by Fokker. Daimler would by 10.6 million shares from the Dutch government, half the state's stake, for 37 guilders, but the remainder would cost it only 23 guilders a share, and would be paid after three years.

U.S. FUTURES

Table listing U.S. futures contracts including Grains, Metals, Livestock, Food, and Financial.

U.S. FUTURES

Table listing U.S. futures contracts including Grains, Metals, Livestock, Food, and Financial.

Handwritten Arabic text at the bottom center of the page.

Currency Trading Aids Profit At Lloyds

LONDON — Lloyds Bank PLC reaffirmed Friday its status as the most profitable bank in Britain by reporting 1992 pretax profit almost 10 percent higher than forecast...

Yeltsin Says Trade Ministry 'Lost' \$2 Billion

MOSCOW — President Boris N. Yeltsin said on Friday that \$2 billion had disappeared from the balance of payments of Russia's Foreign Trade Ministry over nine months of last year...

Central Bank's attitude toward tight monetary policies is weakening. Mr. Fyodorov said the course of economic reforms and their implementation this year were discussed at an expanded cabinet meeting on Thursday...

DAF Lays Off 1,600 Workers in U.K., With Little Severance

LONDON — More than 1,600 employees at Leyland DAF, British unit of the collapsed Dutch truck-maker DAF NV, were fired Friday without company severance pay...

Full layoff payments would amount to £7 million (\$10 million) against £30 million if DAF had not been in receivership. Mr. McKillop said Leyland DAF was unable to meet its contractual obligation to make severance payments...

Slovak Arms Makers Suffer

DUBNICA, Slovakia — In the Cold War, this industrial town at the foot of the snow-capped Lower Tatras Mountains was a symbol of how Communist central planners could, by fiat, shower prosperity on an entire region...

Aer Lingus Asks State for Cash

DUBLIN — The Irish airline, Aer Lingus, hit by recession and burdened by debt, wants an urgent injection of cash from the government, analysts said Friday...

Investor's Europe table with columns for Frankfurt, London, Paris, and various stock indices like DAX, FTSE 100, CAC 40.

Very briefly: Kiosallis-Osaka-Paniki, Osmankipankki Oy, Postipankki, Union Bank of Finland and Saseppankki Kesko-Osaka-Paniki were placed under review...

COMPANY RESULTS

Table of company results including Revenue and profits for various companies like Brunswick, Dano, Estery, etc.

PERSONALS, MOVING, EDUCATION, COLLEGES & UNIVERSITIES, TAX SERVICES, NANNIES & DOMESTICS, MONROE NANNIES INTERNATIONAL.

INTERNATIONAL CLASSIFIED: MOVING, ANNOUNCEMENTS, REAL ESTATE FOR SALE, AUTO SHIPPING, LEGAL SERVICES, EMPLOYMENT, EDUCATIONAL POSITIONS WANTED.

Valentine's Day Messages: A collection of romantic messages and poems for Valentine's Day, including 'IF I WERE BUT THE BEST OF FRIENDS...', 'I LOVE YOU...', etc.

# NYSE

## Friday's Closing

Tables include national market prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Symbol	Price	Change
IBM	115.75	+0.25
MSFT	45.125	-0.125
ORCL	42.625	-0.125
WAL	52.375	-0.125
EA	38.875	-0.125
DIS	30.125	-0.125
INTL	22.875	-0.125
GO	18.875	-0.125
AMZN	15.875	-0.125
MSFT	45.125	-0.125
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MSFT	45.125	-0.125
ORCL	42.625	-0.125
WAL	52.375	-0.125
EA	38.875	-0.125
DIS	30.125	-0.125
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WAL	52.375	-0.125
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DIS	30.125	-0.125
INTL	22.875	-0.125
GO	18.875	-0.125
AMZN	15.875	-0.125

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IBM	115.75	+0.25
MSFT	45.125	-0.125
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GO	18.875	-0.125
AMZN	15.875	-0.125

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(Continued on next page)

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Pyongyang Turns Up The Heat

Rice Producers Protest Imports

SEUL — Farmers from South Korea, Japan and Taiwan on Friday protested international pressures to open their markets to foreign rice.

ers have also participated in street protests that sometimes ended in clashes with police.

Chinese Investors Fear Devaluation

HONG KONG — Chinese investors in Shanghai are rushing to open foreign-currency accounts despite official denials that the local currency is about to be sharply devalued.

Jeff Lewis, regional economist at the Smith New Court (Asia) brokerage.

China News Agency said investors were making deposits of about \$200,000 each day, compared with the \$120,000 the Bank of China normally received.

which foreign tourists and state enterprises use, is 5.77 yuan to the dollar.

Nepal Floats Its Currency

NEW DELHI — Nepal announced Friday the full floatation of its currency, the rupee, in the foreign-exchange market.

Nepal's economy is closely tied to India's and the announcement may indicate that India is ready to make its currency fully convertible when the new fiscal-year budget is unveiled at the end of the month, bankers said.

At the end of 1991, the yuan was at 5.6 to the dollar. Only two months ago the rate was 7.8 yuan.

Japan Urges Its Banks to Issue More Eurobonds

TOKYO — The Ministry of Finance is urging Japan's major banks to issue more bonds into the Eurobond market to shore up their capital reserves and free up more credit for medium and small companies.

above the 8 percent of total assets mandated by the Bank for International Settlements.

But the action is welcome news for corporate Japan's smaller players.

encourage banks to get their capital well above the 8 percent mark of total assets required by BIS.

ance, require large corporations to appoint outside auditors to their boards and lower legal fees for shareholders filing suits for damages from corporations and their executives.

At present, bonds issued by Japanese corporations cannot total more than twice their net assets.

Subic Bay to Become Center for Taiwan Industry

TAIPEI — A Taiwan government-backed consortium will begin converting the former U.S. naval base at Subic Bay in the Philippines into an industrial park this summer, the Economics Ministry said Friday.

hectare (2.5-acre) waterfront site. It is the first project involving Singapore investors in the development of Subic.

Taiwan has become one of Asia's biggest foreign investors as its companies, facing rapidly rising wages and land costs at home, move operations abroad.

The first stage of development will be completed within a year, said Chen Shen-yi, president of Century Development. Development of the entire 300 hectares will take about three years and cost roughly \$40 million.

Investor's Asia. Table with columns for Hong Kong, Singapore, Tokyo, etc. and rows for various market indices like Nikkei 225, Hang Seng, etc.

- Very briefly: Bank Summa, the collapsed Indonesian bank, will give depositors 50 percent of their money this month and the rest later, the central bank said.

Treuhandanstalt advertisement for Burgscheidungen Castle. Includes a photo of the castle, a map of Saxony-Anhalt, and details about the tender offer.

NYSE Friday's Closing. Large table with columns for stock symbols, prices, and changes. Includes sub-sections for NYSE High-Lows and AMEX High-Lows.

# Saatchi Chief Leads Adidas Buyout

Compiled by Our Staff From Dispatches

PARIS — Robert Louis-Dreyfus will lead an investment group including major French state-controlled companies that will acquire 78 percent of Adidas GmbH from Bernard Tapie Finance SA, executives involved with the sale confirmed Friday.

Assurances Générales de France, Crédit Lyonnais and Union des Assurances de Paris will own stakes of between 5 percent and 20 percent, the executives said. The state-controlled financial institutions currently own a total of 17 percent of Adidas, which will rise to more than 40 percent.

Mr. Louis-Dreyfus, managing director of Saatchi & Saatchi, will own 15 percent of Adidas GmbH, according to the business newspaper Les Echos. The chairman of Adidas's supervisory board, Gilberte Beaux, is to raise her stake to 8 percent from 5 percent.

# EC Set to Clear BA Dan-Air Deal

BRUSSELS — The European Commission is set to approve British Airways' takeover of Dan-Air after an inquiry demanded by Belgium under the European Community's merger control regulations, commission officials said.

They said the competition commissioner, Karel Van Miert, who opened a formal inquiry into the takeover Jan. 19, had concluded that BA would not gain a stranglehold on routes between London and Brussels and had informed his colleagues in the commission of his intention to clear the deal.

The approval announcement would probably be made Wednesday, the officials said.

# NASDAQ

Friday's Prices  
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	Low	Stock	Div	Yld	PE	188	High	Low	Latest	Chg
120	100	AA	1.4	4.4	14	100	120	100	110	10
100	80	AB	0.5	3.5	15	100	100	80	90	10
80	60	AC	0.3	2.5	12	100	80	60	70	10
60	40	AD	0.2	1.5	10	100	60	40	50	10
40	20	AE	0.1	0.5	8	100	40	20	30	10
20	10	AF	0.05	0.2	6	100	20	10	15	5
10	5	AG	0.02	0.1	4	100	10	5	7	2
5	2	AH	0.01	0.05	3	100	5	2	3	1
2	1	AI	0.005	0.02	2	100	2	1	1.5	0.5
1	0.5	AJ	0.002	0.01	1.5	100	1	0.5	0.7	0.2
0.5	0.2	AK	0.001	0.005	1	100	0.5	0.2	0.3	0.1
0.2	0.1	AL	0.0005	0.002	0.7	100	0.2	0.1	0.15	0.05
0.1	0.05	AM	0.0002	0.001	0.5	100	0.1	0.05	0.07	0.02
0.05	0.02	AN	0.0001	0.0005	0.3	100	0.05	0.02	0.03	0.01
0.02	0.01	AO	0.00005	0.0002	0.2	100	0.02	0.01	0.015	0.005
0.01	0.005	AP	0.00002	0.0001	0.1	100	0.01	0.005	0.007	0.002
0.005	0.002	AQ	0.00001	0.00005	0.05	100	0.005	0.002	0.003	0.001
0.002	0.001	AR	0.000005	0.00002	0.02	100	0.002	0.001	0.0015	0.0005
0.001	0.0005	AS	0.000002	0.00001	0.01	100	0.001	0.0005	0.0007	0.0002
0.0005	0.0002	AT	0.000001	0.000005	0.005	100	0.0005	0.0002	0.0003	0.0001
0.0002	0.0001	AV	0.0000005	0.000002	0.002	100	0.0002	0.0001	0.00015	0.00005
0.0001	0.00005	AW	0.0000002	0.000001	0.001	100	0.0001	0.00005	0.00007	0.00002
0.00005	0.00002	AX	0.0000001	0.0000005	0.0005	100	0.00005	0.00002	0.00003	0.00001
0.00002	0.00001	AY	0.00000005	0.0000002	0.0002	100	0.00002	0.00001	0.000015	0.000005
0.00001	0.000005	AZ	0.00000002	0.0000001	0.0001	100	0.00001	0.000005	0.000007	0.000002
0.000005	0.000002	BA	0.00000001	0.00000005	0.00005	100	0.000005	0.000002	0.000003	0.000001

12 Month High	Low	Stock	Div	Yld	PE	188	High	Low	Latest	Chg
120	100	AA	1.4	4.4	14	100	120	100	110	10
100	80	AB	0.5	3.5	15	100	100	80	90	10
80	60	AC	0.3	2.5	12	100	80	60	70	10
60	40	AD	0.2	1.5	10	100	60	40	50	10
40	20	AE	0.1	0.5	8	100	40	20	30	10
20	10	AF	0.05	0.2	6	100	20	10	15	5
10	5	AG	0.02	0.1	4	100	10	5	7	2
5	2	AH	0.01	0.05	3	100	5	2	3	1
2	1	AI	0.005	0.02	2	100	2	1	1.5	0.5
1	0.5	AJ	0.002	0.01	1.5	100	1	0.5	0.7	0.2
0.5	0.2	AK	0.001	0.005	1	100	0.5	0.2	0.3	0.1
0.2	0.1	AL	0.0005	0.002	0.7	100	0.2	0.1	0.15	0.05
0.1	0.05	AM	0.0002	0.001	0.5	100	0.1	0.05	0.07	0.02
0.05	0.02	AN	0.0001	0.0005	0.3	100	0.05	0.02	0.03	0.01
0.02	0.01	AO	0.00005	0.0002	0.2	100	0.02	0.01	0.015	0.005
0.01	0.005	AP	0.00002	0.0001	0.1	100	0.01	0.005	0.007	0.002
0.005	0.002	AQ	0.00001	0.00005	0.05	100	0.005	0.002	0.003	0.001
0.002	0.001	AR	0.000005	0.00002	0.02	100	0.002	0.001	0.0015	0.0005
0.001	0.0005	AS	0.000002	0.00001	0.01	100	0.001	0.0005	0.0007	0.0002
0.0005	0.0002	AT	0.000001	0.000005	0.005	100	0.0005	0.0002	0.0003	0.0001
0.0002	0.0001	AV	0.0000005	0.000002	0.002	100	0.0002	0.0001	0.00015	0.00005
0.0001	0.00005	AW	0.0000002	0.000001	0.001	100	0.0001	0.00005	0.00007	0.00002
0.00005	0.00002	AX	0.0000001	0.0000005	0.0005	100	0.00005	0.00002	0.00003	0.00001
0.00002	0.00001	AY	0.00000005	0.0000002	0.0002	100	0.00002	0.00001	0.000015	0.000005
0.00001	0.000005	AZ	0.00000002	0.0000001	0.0001	100	0.00001	0.000005	0.000007	0.000002
0.000005	0.000002	BA	0.00000001	0.00000005	0.00005	100	0.000005	0.000002	0.000003	0.000001

# AMEX

Friday's Closing  
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	Low	Stock	Div	Yld	PE	188	High	Low	Latest	Chg
120	100	AA	1.4	4.4	14	100	120	100	110	10
100	80	AB	0.5	3.5	15	100	100	80	90	10
80	60	AC	0.3	2.5	12	100	80	60	70	10
60	40	AD	0.2	1.5	10	100	60	40	50	10
40	20	AE	0.1	0.5	8	100	40	20	30	10
20	10	AF	0.05	0.2	6	100	20	10	15	5
10	5	AG	0.02	0.1	4	100	10	5	7	2
5	2	AH	0.01	0.05	3	100	5	2	3	1
2	1	AI	0.005	0.02	2	100	2	1	1.5	0.5
1	0.5	AJ	0.002	0.01	1.5	100	1	0.5	0.7	0.2
0.5	0.2	AK	0.001	0.005	1	100	0.5	0.2	0.3	0.1
0.2	0.1	AL	0.0005	0.002	0.7	100	0.2	0.1	0.15	0.05
0.1	0.05	AM	0.0002	0.001	0.5	100	0.1	0.05	0.07	0.02
0.05	0.02	AN	0.0001	0.0005	0.3	100	0.05	0.02	0.03	0.01
0.02	0.01	AO	0.00005	0.0002	0.2	100	0.02	0.01	0.015	0.005
0.01	0.005	AP	0.00002	0.0001	0.1	100	0.01	0.005	0.007	0.002
0.005	0.002	AQ	0.00001	0.00005	0.05	100	0.005	0.002	0.003	0.001
0.002	0.001	AR	0.000005	0.00002	0.02	100	0.002	0.001	0.0015	0.0005
0.001	0.0005	AS	0.000002	0.00001	0.01	100	0.001	0.0005	0.0007	0.0002
0.0005	0.0002	AT	0.000001	0.000005	0.005	100	0.0005	0.0002	0.0003	0.0001
0.0002	0.0001	AV	0.0000005	0.000002	0.002	100	0.0002	0.0001	0.00015	0.00005
0.0001	0.00005	AW	0.0000002	0.000001	0.001	100	0.0001	0.00005	0.00007	0.00002
0.00005	0.00002	AX	0.0000001	0.0000005	0.0005	100	0.00005	0.00002	0.00003	0.00001
0.00002	0.00001	AY	0.00000005	0.0000002	0.0002	100	0.00002	0.00001	0.000015	0.000005
0.00001	0.000005	AZ	0.00000002	0.0000001	0.0001	100	0.00001	0.000005	0.000007	0.000002
0.000005	0.000002	BA	0.00000001	0.00000005	0.00005	100	0.000005	0.000002	0.000003	0.000001

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MONEY

FIRST COLUMN

Of Politics, Punditry and Privatization

POLITICAL analysis of what the financial markets are going to do next is notoriously faulty. It would be otiose to attempt an explanation here as to why this should be so, although one possible reason is that partiality colors political judgment, and the pronouncement tends to cover not what will happen next, but what the politicians think ought to happen.

The obverse side of the predictive coin, however, reveals a different pattern. Financial markets often tend to be better at guessing what comes next in politics than the politicians themselves. Thus, the likelihood of a resignation, a devaluation or an obviously telegraphed interest rate cut is factored into the market price, and when the expected event occurs, the result in the market is pure anticlimax.

Yet, there are occasions when pure political analysis is the best way of studying a market. Such evaluation has been particularly useful in privatizations. Whatever the country, market sector or the nature of the monopoly, or otherwise, of the company about to be sold by the government, there is an underlying political truth which the markets perceive as having financial value.

The embrace of capitalism has paid off. Economic growth has picked up steam after stagnating during the first half of the 1980s, government spending as a percentage of gross domestic product has fallen sharply, savings rates are up, and the mountain of foreign debt built up over the years has come down considerably.

Latin America has been able to dig out from under by converting much of its debt owed to American banks into Brady bonds, named after former U.S. Treasury Secretary Nicholas Brady. Mr. Brady was able to persuade banks to exchange the notes they held

Latin American Bonds Ride Capitalist Wave Proliferating Issues and High Yields Lure Investors to a Warmer Climate

By Conrad de Aenlle

AFTER riding Latin American equities to stunning gains since the mid-1980s, foreign investors are turning their sights to the region's suddenly vibrant debt markets. While new bond issues came seldom for several years, they have lately picked up, both in the government and corporate sectors.

As happens whenever an investment turns hot, a number of funds have sprung up in recent months to give small players access to these markets. Six such funds, both open-end and closed-end, existed at the end of 1991, notes Lipper Analytical Services. As of last week, there were 24, with total assets of \$1.6 billion. Roughly half are regional funds; the others invest in single countries — Mexico, Argentina, Brazil or Venezuela.

One reason for the surge in interest in the bonds is simple: There are more of them to be interested in. Almost no debt was floated in 1988 and '89, while \$5.4 billion of new issues came out in 1991, according to International Development Bank figures. The total for the first half of last year was \$4.5 billion. Another reason is the dramatic conversion of the region's political leaders to faith in private enterprise and fiscal responsibility after years of profligacy.

"It's a story that's developed in the last two or three years," said Oscar Castro, a portfolio manager at GT Capital Management. "The markets are moving toward free-market economies, deregulation and using debt to officially manage growth."

The embrace of capitalism has paid off. Economic growth has picked up steam after stagnating during the first half of the 1980s, government spending as a percentage of gross domestic product has fallen sharply, savings rates are up, and the mountain of foreign debt built up over the years has come down considerably.

Latin America has been able to dig out from under by converting much of its debt owed to American banks into Brady bonds, named after former U.S. Treasury Secretary Nicholas Brady. Mr. Brady was able to persuade banks to exchange the notes they held

for long-dated bonds with either a lower face value or the same face value but a smaller coupon.

International development agencies then lent the nations money to buy zero-coupon U.S. Treasury bonds that will be worth the amount of the Brady bonds when the issues mature many years down the road. The arrangement pleased everyone involved.

"You start out with a relatively illiquid piece of bank debt, you swap that for a more liquid bond with a set maturity backed up by the collateral of U.S. Treasury zero-coupon bonds," explained Douglas R. Lempereur, who is in charge of emerging markets fixed-income research for Templeton Global Bond Managers. "It's a win-win situation; banks that used to have debt on their books now have bonds they can sell."

And they have found many willing buyers cheered by the economic renaissance in the region. Over the last several years, the spread between the medium-term government paper of Mexico, considered the most advanced Latin American market, and U.S. Treasury notes of comparable maturity has been driven down from about 9 percentage points to 3.

THAT has occurred even as the yields on U.S. debt instruments have themselves shrunk considerably, and amid the explosion in the amount of new debt hitting the market. The investment banks that handle those flotations "keep talking to institutional investors — talking, talking, talking — so now people say it's time to buy," said Marc Wenhammar, who manages the Latin American Extra Yield Fund for Foreign & Colonial Management.

The slim coupons being paid on American bonds have been an inducement to head south.

"Yields are beyond those in the rest of the world," Mr. Castro said. "Now U.S. rates are low and rates in Europe are expected to come down." With Latin American economies building up their private sectors, and with yields on government issues falling, the focus among institutions has begun to shift to the corporate side.

Banking on Latin America



Table with columns for 'Latin American debt funds', 'Total return over two months to Feb. 5, 1993 (Open-end funds)', and 'Total return over three months to Dec. 31, 1992 (Closed-end funds)'. Lists various funds and their returns.

"That's what the whole Latin American story is all about now," Mr. Wenhammar said. "It's not only privatizing, but transferring functions to the private sector like debt financing." Governments in the region "don't want to crowd them out of the market. They say, 'You're a big boy now, you go get the credit.'"

Picking a good corporate bond is trickier than choosing a government. "You need to know how good these companies really are," he explained. "Will they pay the coupon or not, are they dollar earners or not? Even if things are improving now, you have to look at the long term." Corporate bonds will pay anywhere from 1 to 2 percentage points above governments.

While many bonds, private and public, have had tremendous returns, some have not. The country factor has a lot to do with it, analysts and fund managers say. The debt markets are "still going nicely in places like Mexico and Argentina," Mr. Lempereur said, "and not as strong in Brazil and Venezuela. The influx of foreign capital has pretty much stopped there."

The reasons are political first, then economic. The bribery scandal that cost Pres-

ident Fernando Collor de Mello his job is the culprit in Brazil, plus the fact that it has not yet adopted the Brady plan. Venezuela is out of favor after two coup attempts in the last year. Its Brady bonds fell from 68 cents on the dollar to recently trade at 51.

"Venezuela is one of the worst-performing markets," Mr. Lempereur said. Still, there could be a recovery after it holds elections later this year, "if a candidate comes to the fore with a program to reduce corruption and reinventorize the economy."

"If you look at the numbers," Mr. Wenhammar said of Venezuela, "they could be the country with the best dollar capacity because of the oil, but they haven't addressed all the problems they should — whether the president will finish his mandate, will he push the reforms, will there be a reversal in the willingness to repay? There's a secret fear of buying and looking foolish next week if there's a coup or three drunks start shooting in the streets."

Clearly, the prevailing view for the region as a whole is that drunks will not start shooting in the streets and that the political and economic reforms are firmly lodged in place.

"Only 10 years ago there were just two or three democracies," Mr. Castro said. "Now there's basically one dictatorship, Cuba. Politically, the countries have evolved, and that gives them the perception of security."

On a cautious note, James W. Conrow, executive vice president of the Inter-American Development Bank, remarked in a report on Latin American capital markets that "it is easy to adopt market principles when the results are as spectacular as they have been."

"But what happens if returns begin to weaken? The political pressure to return to the old ways of paternalism, protectionism and statism would undoubtedly increase if there were a prolonged period of stagnation. But we are confident that Latin America will continue its present policy course."

Could the reforms of the 1980s be reversed? "There's always that risk," concedes Mr. Lempereur. "I'm not saying it's a one-way street, but clearly the momentum is to free-market economies... This is a secular sea change. It will operate longer than the regular economic cycle. Maybe in the next century it will revert, but for the rest of the decade, we're okay."

Monetary Policy Dominates Economic Forecasting in a Tricky Year

Selected experts in economics and investment give their opinions, month by month, of the outlook for the world's major economies, currencies and financial markets.



Nigel Cuming, senior investment manager, ANZ Grindlays Bank (Jersey)

The dollar is consolidating, prior to moving higher. This is consistent with a rate of economic expansion in the United States in the fourth quarter of last year that was unsustainable. A slower rate of growth is likely as income growth is limited. Later in the year, lower German interest rates, the develop-

The best bond market prospects in Europe appear to be in France.

The German recession and further political trouble in Russia will undermine the Deutsche mark. The U.S. long-bond yield could well fall below 7 percent. Low private credit growth in the United States and pointers to the capital flows involved. Canadian-dollar bonds look good value relative to

U.S. bonds. The best bond market prospects in Europe appear to be in France. In Germany, inflationary forces may prove difficult to contain, leaving less room for a fall in yields. In the U.K. market, nascent inflation and low short-term rates leave little scope for further gains. In the United States, the fundamental background is favorable. However, market leadership continues to change away from consumer growth issues toward cyclical and industrial recovery situations. The U.K. market is now discounting a clear economic recovery and a selective-value approach is called for. Caution is still necessary in both continental Europe and Japan.



Gerald Holtham, chief international economist, Lehman Brothers, London

Usually, economic forecasting is like weather forecasting: the further ahead you look, the more uncertain things become. Occasionally, it is just the opposite; it is uncertain exactly how and when things will evolve, but it is crystal clear where they will end up eventually. So it is now with German interest rates.

The markets have become preoccupied with the timing and size of

the next German rate cut. Meanwhile, they have taken their eye off the end-point of the process. The money market implies that German short rates will be down to about 6 1/2 percent at year-end and to 6 percent by March 1994. Second-guessing the Bundesbank in the near term is tricky. Why bother when you know German rates will

There is no reason to expect recovery in Germany in 1993.

be way below 6 percent in 15 months time? My guess is they'll be in the 4 to 4 1/2 percent range.

That's because the German economy is in recession and there is no reason at all to expect any recovery during 1993. Many German commentators are looking for a revival of exports but that is just because away other German recession has been ended by a pickup in exports. This time, with the United States growing at 4 percent or less and the dollar at 1.6 Deutsche marks, while Europe stagnates, there will be no export boom. Fiscal policy is moving to restriction in Germany, with tax increases threatened as far ahead as 1995. Yet domestic demand must recover if the economy is to do so, and easier money is the only way to bring that about. It is laughable to think that 2 percentage points off rates will make any substantial difference in Germany, with its fixed-rate mortgage system and bond yields already discounting more than that off short rates.

A drop of 400-500 basis points is far more likely. Of course, right now the Bundesbank remains preoccupied with inflation and such large reductions are far from its mind. But think ahead. By September or October, inflation should

be well below 6 percent in 15 months time? My guess is they'll be in the 4 to 4 1/2 percent range. That's because the German economy is in recession and there is no reason at all to expect any recovery during 1993. Many German commentators are looking for a revival of exports but that is just because away other German recession has been ended by a pickup in exports. This time, with the United States growing at 4 percent or less and the dollar at 1.6 Deutsche marks, while Europe stagnates, there will be no export boom. Fiscal policy is moving to restriction in Germany, with tax increases threatened as far ahead as 1995. Yet domestic demand must recover if the economy is to do so, and easier money is the only way to bring that about. It is laughable to think that 2 percentage points off rates will make any substantial difference in Germany, with its fixed-rate mortgage system and bond yields already discounting more than that off short rates.

Outlook

look much less of a problem, with the headline rate falling toward 3 percent under the impact of low wage settlements. The effect of VAT increases falling out of the base in January 1994 will take inflation down to 2.5 percent and with the economy still in recession, inflation prospects will look good. So, bigger rate cuts are quite likely in the autumn, continuing in 1994 before the economy recovers in the middle of that year. The duration of the recession has been underestimated in every other country during the past year or two; Germany will be no exception.

The moral is buy long-dated German interest rate futures or options. You can see the nervous type, you can sell the June 1993 Euro-mark contract and buy the December one. The point is, the market may be either too optimistic or pessimistic for interest rates in the short-term but it is clearly too pessimistic for 1994. Two-year bonds are another way to take advantage of this.

Finally, look at the implied spread between French and German interest rates next year. The market seems to think French short rates will be over 100 basis points above the German ones, even then.

I bet you can't even think of a scenario that would justify having French rates so high! Will there be an ERM bust-up? I think lower French rates are more likely! But if Germany does indeed cut 300 basis points by the end of the year, all tension in the exchange-rate mechanism will evaporate. French short-rate spreads will then revert to where they were early in 1992, namely zero. So, buy French interest rate calls or futures and, if nervous, sell German futures or buy puts.



Hirohiko Okumura, chief economist, Nomura Research Institute, Tokyo

On Feb. 4, the Bank of Japan cut its official discount rate by 0.75 percent to 2.5 percent, thereby returning it to the extremely low level prevailing from February 1987 through May 1989. In light of the fact that much of the blame for the development of Japan's "economic bubble" has been attributed to the low discount rate on that previous occasion, this latest cut is viewed by some as a particularly "bold and resolute move." The ability of a change in the official discount rate to move the financial markets is probably greater in Japan than in any of the other G-7 countries. This most recent 0.75 percent reduction has induced almost as great a drop in the interbank rate, and the uncollateralized overnight call rate has fallen to about 3.1 percent. Deposit interest and short-term lending rates have also decreased by around 0.5 percent.

There are two principal ways in which these latest interest rate reductions are likely to affect the Japanese economy. The first involves a reduction in the cost of finance, both for corporations and households, which should, in turn, stimulate more active corporate capital investment and private residential

investment. This is, at least, what we would normally expect. A recent corporate capital investment survey carried out by the Ministry of International Trade and Industry indicated, however, that only about a third of the private companies surveyed had cut back on their capital spending programs for financial reasons. In addition, pri-

Lower Japanese interest rates will exert a beneficial influence on the securities and property markets.

Private residential investment has already been benefiting since last year from a plentiful supply of low-interest funds from government financial institutions, and the number of new housing starts duly recovered to around 1.4 million units a year around the middle of last year after bottoming out at an

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THE MONEY REPORT

Adoption: The World Baby Boom

By Kate Balas

IN a world where supply is well below demand, adoption has become a billion-dollar industry.

Depending on the country in which one chooses to adopt, and the related travel expenses, an average overseas adoption costs in the range of \$10,000 to \$15,000.

Roughly 400,000 children presently reside in either U.S. foster homes or orphanages, but only 36,000 of them qualify for adoption.

shattered if they limit their efforts to domestically born infants.

Mr. Pierce reassures potential parents that while overseas adoption can be both cumbersome and expensive, if people are patient and follow the counsel of legitimate, and informed, parties, they will end up with a child.

One American woman recently reported having given \$37,000 up front cash to an agency that proceeded to declare itself bankrupt the following week.

In 1991, 2,552 Romanian infants were granted visas through the INS. However, due to abuses in baby trafficking and child abduc-

tion the Romanian government has recently passed legislation that virtually eliminates the option of foreign adoption for its children.

Romanian nuns had been accused of accepting up to \$15,000 cash for selling babies obtained from unwed mothers who had been pressured into signing away their maternal rights.

U.S. officials are working to organize an international convention, similar to that held in The Hague relating to international parental child abduction, to standardize and control all international adoption procedures.

According to a spokesman for the U.S. Embassy in Paris, "baby stealing and baby sales scandals are causing foreign governments to crack down all over the world.

Recently, embassy officials in France were confronted with a young American woman claiming that she had been called to Europe unexpectedly, due to a family death, and had prematurely given birth to her child, who now needed a passport to return home.

When asked to submit to a medical examination, now standard procedure in such instances, the woman

fled the embassy, abandoning the child. The baby, of Armenian descent, is now in the care of the French welfare system.

U.S. immigration laws for overseas adoption are strict in order to protect the child and the rights of the parents, be they foreign or adopting. A U.S. national who adopts a child abroad does not automatically have the right to pass citizenship to that child.

Under most conditions, potential adoptive parents are required to appear before a judge in the host country of adoption before paperwork can be finalized, and some countries have unusual requirements.

Some Hong Kong agencies will not consider petitions from parents who are more than 20 percent overweight and the government of Thailand has established minimum annual salaries permissible for adoptive parents.



countries from on multiple divorce or single parents, and many only accept applicants from infertile couples.

THE International Concerns Committee for Children (ICCC) publishes a report on foreign adoption, which includes a country-by-country analysis of regulations, costs, and child availability.

Generally, the availability of babies tends to reflect world politics, and children in troubled areas are often the most readily obtainable.

Americans living abroad for work or foreign service must be particularly astute regarding laws, since present legislation forbids

many Americans who reside overseas on a permanent basis from passing on U.S. citizenship to adopted children.

States prior to the children's birth, and at least five of those years after the parent was 14 years old.

The National Council for Adoption (202) 328-1200, State Department Service for Adoption (202) 647-3444, Department of Consumer Services (202) 663-1225, and ICCO 303-494-8333 can all be contacted regarding procedures, and status of particular territories.

BRIEF CASE

January Stock Barometer Points to a Rise Over Year

It's conventional wisdom that as January goes for the American stock market, so goes the year.

Here's a surer thing, at least if history is a guide: Since 1939, the newsletter's February issue points out, "the performance of the Standard & Poor's 500 index during odd-numbered Januarys has had a 100 percent success rate in forecasting whether or not the market will advance or decline for the calendar year."

The verdict is in: Having squeezed out a slim gain of 0.7 percent for the month, the S&P is due to finish the year ahead of where it started.

Before rushing out to your broker, a couple of things should be considered. The index has risen another 2-plus percentage

points since the end of January and so could still decline from here and finish the year with a gain. And even if it moves higher from this point, the gain may be less than what could be earned in bonds or cash deposits that carry a lot less risk.

Thai Equity Funds Sector Leads the Rankings in Asia

The Hong Kong Unit Trust Association has released its performance figures, ranking the top 15 Asian funds based on a year-on-year investment return.

The Thai equity funds sector was the top performer, with a median return of 49.4 percent as of the end of January. Hong Kong equity funds had returns of 26.9 percent and Asian equity funds (with the exception of Japan) returned 18.7 percent, the association reported, according to Bloomberg Business News.

the list with an annual return of 63 percent. The second and third top-performing funds were JF Thailand and Barclays ASF Thailand, with 56.1 and 53.5 percent respectively.

Jersey Mutual Fund Adviser Sees High Investor Interest

The Channel Islands-based mutual fund portfolio management arm of ANZ Grindlays Bank is reporting record levels of interest in its services.

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For more information, write ANZ Grindlays Bank, P.O. Box 80, West House, West's Centre, Peter Street, St. Helier, Jersey.

Great European Sell-Off May Be a Sellout

By Aline Sullivan

INVESTORS contemplating the approaching sales of state-owned companies in continental Europe will take heart from the experience of British shareholders.

He cited the example of NTT, the Japanese telephone company, which was sold to the public at just over 1 million yen (\$8,260) per share in February 1987.

Attractive flotation prices are no guarantee of long-term performance, however. Some analysts and fund managers worry that the continental European governments lack the political will to relinquish control of the companies after privatization.

noted out because of political beliefs but the continental European sales are being made only to bring down deficits," said William Arab, a partner at the London fund manager Marston Asset Management.

Michael Pacitti, Italian equities analyst at County NatWest Securities in London, defines the political dilemma facing the Italian government succinctly: "It depends whether you think a country's economy should be run for its investors or for its inhabitants."

Rigid tariffs have historically constrained the profits that the state-owned utility companies have been able to make. According to Mr. Pacitti, many politically powerful interest groups in Italy — not least the trade unions — are demanding that these tariffs should survive post-privatization.

line before its turn to be sold off comes around. First off the starting blocks in France are likely to be some of the country's biggest insurers and banks, such as Union des Assurances de Paris (UAP) and Banque Nationale de Paris (BNP).

Some of the toughest problems confront the Italian government. The country is staggering under a burden of debt that is higher than any of its European partners. But privatization is a potentially explosive political issue.

In Sweden, Prime Minister Carl Bildt's four-party coalition government is committed to selling state-owned assets. But privatizations have been delayed, held back by depressed equity prices and the need to wean the companies from dependence on the state before they can be attractive to investors.

The problems of privatizing utilities are not of immediate concern to the French government. Companies such as Electricite de France, the state-owned electricity company, will have to wait in a very long

line before its turn to be sold off comes around. First off the starting blocks in France are likely to be some of the country's biggest insurers and banks, such as Union des Assurances de Paris (UAP) and Banque Nationale de Paris (BNP).

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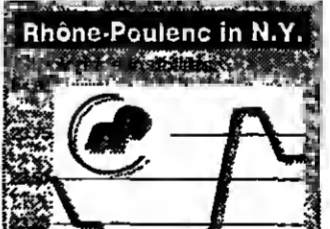
Advertisement for the French Company Handbook 1992. It features a large title, a 'Twelfth Edition Fully Updated' badge, and a list of 40 French companies including ACCOR, AIRBUS, and ALCATEL. It also includes a form for ordering the handbook, with fields for name, address, and payment information.

Rhône-Poulenc Offering

By Philip Crawford

RHÔNE-POULENC joined the elite of French shares in the CAC-40 stock index this week, but analysts' reviews of the partially privatized chemicals and pharmaceutical giant are still mixed.

Last month, as part of a two-stage offering, the French government floated 6 million shares of Rhône-Poulenc at 500 francs (\$70) per share. The issue was oversubscribed by about 350 percent domestically, where 2.7 million shares were made available, and 200 percent internationally, according to the company.



The second phase of the offering, which commenced Feb. 2, allows holders of Rhône-Poulenc Preferred Investment Certificates (PICs) and Participating Shares Series 'A' (PSSAs) to exchange them for voting shares (called Ordinary Shares 'A') on a one-for-one basis.

Ms. Clapp also expressed surprise that the shares offered for sale were snapped up so voraciously on both sides of the Atlantic. "Rhône-Poulenc is still seen by some as a growth stock, and that may be a reason," she said.

But a Paris-based analyst, who insisted on anonymity, took a more sanguine outlook. "I think it's fair exchange," he said.

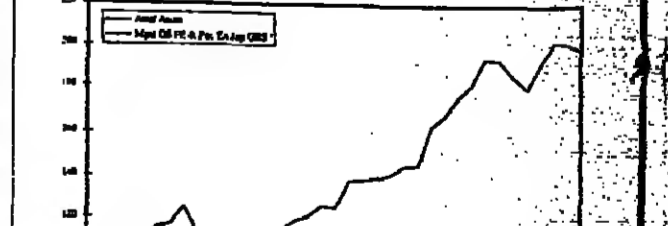
"I don't think it's such a good deal," said Joanna Clapp, who covers Rhône-Poulenc for Hoare Govett Securities in London. "People may be thinking that the probability of a change in French govern-

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Further south, the German state railway, postal systems and Deutsche Telekom are also likely to be sold.



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# FUND PERFORMANCE FOCUS SPECIAL

The International Herald Tribune Fund Performance Focus Special was created to give our readers investment information on international funds that have consistently strong performance records. It shows a number of funds that have consistently performed well, as measured by Micropal Ltd.

Several of the funds featured in this special have received awards for 1992. Some have won an award either by showing exceptional performance or by being part of a group that has consistently performed well.

Those interested in knowing more about any of the funds featured in this special, simply circle the appropriate number on the coupon at the bottom of the page and return it to us by letter or fax. Information will be sent to you by the companies involved.

The IHT would like to thank the fund companies for their cooperation and provision of fund data.

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Giddings feels his fund's performance reflects its consistent philosophy over the long term. As the investment approach is disciplined and consistent, it is found that the sum of the performance is a series of relatively small changes. Individual big bets are not taken. The cumulative value of the Rothschild approach shows in the long-term performance.

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The primary objective of Seahawk is to achieve substantial capital appreciation through an approach of buying and selling U.S. common equities (and their derivatives). The Fund uses trading techniques that include leverage, short sales, options and marketing timing, and trades aggressively. Mr. Moran manages total assets in both funds of over \$70 million.

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IHT 1302

# SPORTS

# BASKETBALL

## On a Night for Centers, Knicks and Hornets Win



Alonzo Mourning, left, battled Shaquille O'Neal from backboard to backboard as the Hornets won.

## 7-2 Latvian to Have Her Day in the Sun

**By George Vecsey**  
*New York Times Service*  
NEW YORK — Her knees are shot from all those years of lugging her 7-foot, 2-inch body up and down the court, but Ulyona Semyonova hopes to make another long haul after the spring thaw. She would travel from Latvia to Massachusetts, no longer to intimidate rival centers but to be installed in the Basketball Hall of Fame in Springfield on May 10.

Semyonova, of Riga, and Ann Meyers, of California, opponents from the old days of the Cold War, will be inducted together. Meyers has a CBS broadcasting job and a home in Palm Springs; Semyonova lives with her mother in a one-bedroom apartment in Riga, and is not strong enough to work at the moment.

Their lives seem almost like a polar image of two different systems. From a happier perspective, the pairing of these two foes shows again that basketball is challenging soccer as the universal sport for men and women.

To its credit, the Basketball Hall of Fame — in the town where Dr. James Naismith invented soccer — has opened its main wing to the great players of both sexes, from around the world. Two years ago, the first women. Last year, the first foreign player, Sergei Belov, a Russian.

When Ulyona Semyonova is installed on the same day as Julius Erving, we know something is happening. Dr. J and Big O. He set a standard for scoring individual brilliance — as American as sweet potato pie. She was the epitome of collective power and endurance — as Soviet as the patient lines at the bread store.

Few Americans understood that Semyonova was really a Latvian, one of those engulfed nations with separate languages, separate histories. But as a representative of the gigantic might of the Soviet Union, she would do.

"She didn't jump at all," said Meyers, the lithe star from UCLA. "Sometimes she didn't even start. Maybe they're honoring her partly for her stature, but she lasted 18 years. Eighteen years."

Meyers cannot imagine. She learned to compete in an athletic family of 11 children. She had one tryout with the male Indiana Pacers, one year as a star in the fledgling Women's Basketball League, and then she could go on with a life in broadcasting.

She is married to Don Drysdale, the former Dodger pitcher, and is expecting their third child. They are believed to be the only American couple to be in major athletic halls of fame.

FOR ULYONA SEMYONOVA, basketball was the only way to a few perks in a hard-pressed state. She weighed close to 300 pounds (136 kilograms), with large hands and feet, large jaw and forehead.

"I remember the 1976 Olympics," said Nancy Lieberman Clinic, the flashy New York guard who should get a spot in Springfield one of these years. "I was just a kid of 16 or 17. We visited them in the dorms one day and traded stuff. I remember giving her my sneakers and thinking, 'What is she going to do with these? I wear size 7 and she wore size 18 or something. She was nice.'"

Lieberman recalls throwing away a pass and, to atone for her sin, electing to take a charge from Semyonova. "She knocked me straight into the basket support. I went down. My mother was crying in the stands. The coach was looking down at me. They thought I was dead."

A couple of years later, Lieberman was a senior at Old Dominion when the Soviet team came through, murdering all the college teams. Ann Donovan, 6 feet 8 (2.03 meters) and slender, was assigned to guard Semyonova.

"It was hilarious," Lieberman recalled. "I'd have the ball on the point and Ann would get position on Ulyona. But I couldn't see Ann. I'd dribble the ball and yell, 'Ann, where are you?' and I'd hear this voice, 'I'm back here.'"

Donovan, now an assistant at Old Dominion, said: "There aren't many mean bones in Ulyona's body, but she was aggressive by nature of her size. She could use either hand, and the baby hook was her forte. She didn't just bat the ball around the rim. She was the foundation of their team. To play against her was the ultimate challenge."

Eventually, the giant's body wore down. At the Goodwill Games in Moscow in 1986, Donovan blocked a Semyonova shot with a "splat" that could be heard in Chelyabinsk. They took Semyonova out of the game and dropped her from the team before the world championships.

Since the breakup of the Soviet Union, Semyonova works for the Latvian basketball federation when she can get around.

"She is very proud of this," Marika Zagorska, an interpreter at the federation, said Thursday. "She said it is a very important honor. She has difficulties with English, but she will give interviews when she comes to Springfield."

The Basketball Hall of Fame will, of course, pay the expenses. The Hall is getting bigger. The world is getting smaller.

## Jordan Fined, Suspended for Game by NBA

*United Press International*

CHICAGO — Michael Jordan, the Chicago Bulls' star guard, was fined \$10,000 by the NBA and suspended without pay for Friday night's game against the New York Knicks for punching Reggie Miller of the Indiana Pacers in Wednesday night's game.

Miller was fined \$6,000 for fighting but was not suspended.

Rod Thorn, the NBA vice president who levied the fines and suspension, said Jordan was assessed the greater penalties for "clearly being the aggressor and for punching Miller."

Miller was fined for fighting and hitting Jordan with a forearm. Jordan exchanged words with Miller then threw a punch at the Pacers' star.

Miller and the Pacers' coach, Boh Hill, were ejected from the game, with 4:29 left in the first quarter. But Jordan was allowed to continue playing and finished with 40 points as the Bulls won, 115-104.

The National Basketball Association's schedule-maker certainly had a flair for drama, matching up the All Star centers Patrick Ewing and Hakeem Olajuwon and the rookie sensations Shaquille O'Neal and Alonzo Mourning for the first time this season on the same night.

The confrontations were basically a standoff, and neither game was a classic, but the fans in New York and Charlotte, North Carolina, got a view of top-flight center play.

Ewing scored 24 points on 11-of-15 shooting and grabbed nine rebounds on Thursday night in New York's 125-95 rout of Houston. Olajuwon had 21 points and 11 rebounds. It was the Knicks' sixth straight victory and 10th in 11 games since a loss to the Rockets on Jan. 16.

The first O'Neal-Mourning confrontation was all action and little talk, although the two traded a few words and I were separated before skirmish of big men, getting 29 points and 15 rebounds while Mourning had 27 points and 14 rebounds. But Mourning walked off with the bigger prize — Charlotte's fourth victory in its last five games and seventh in 10, by a score of 116-107.

Mourning got the Charlotte Coliseum crowd rocking with several second-half dunks. Those baskets, as well as a 12-2 fourth-quarter run that turned a four-point deficit into a 99-93 lead, helped the Hornets win for the fifth time in six games.

"A couple of days before the game, the media tried to hype it up like it was a boxing match or something, but it's not," Mourning said. "If you all wanted it to be that way, you should have put us in the middle of the floor and given us some gloves."

"Instead of worrying about each other, we've got to worry about playing against those other elite centers in the league like Patrick, Olajuwon, David Robinson," Mourning said. "Those are the ones that we should be getting prepared for."

O'Neal said that "I try not to get too pumped up to play one particular player," but admitted that for the press it is "O'Neal versus Mourning, the battle of the future."

Mourning, the second player chosen in last spring's NBA draft behind O'Neal, was one of six Hornets in double figures. Kendall Gill scored 21 points and Larry Johnson had 20 points and 13 rebounds for Charlotte. Nick Anderson finished with 24 points for Orlando.

In New York, the Knicks outshot the Rockets by 58 percent to 41 percent and also set a season-high with their 125 points.

John Starks finished with 23 points and Tony Campbell and Anthony Mason each had 15 as the Knicks placed six players in double figures.

New York, which trailed twice in the opening five minutes, pulled away for a 62-44 lead at halftime and turned the game into a rout with a 37-point third quarter during which the Knicks shot 71 percent from the field.

"For some reason, on the road we play to play, at home we play to win," Olajuwon said. "We weren't ready to play. I mean, we were ready to play, but we weren't ready to win."

Suns 122, Warriors 100: Phoenix handed Golden State its eighth straight loss behind Danny Ainge's career-high seven 3-pointers and season-high 33 points.

Ainge was 7 for 12 from long range, raising his 3-point percentage to 47.1 this season, while Charles Barkley had 26 points and 19 rebounds and Dan Majerle scored 20 points for the visiting Suns, who won their fifth consecutive game.

Suns 105, Bulls 95: San Antonio won its sixth straight game and 13th in a row at home as Avery Johnson had a career-high 23 points and passed for 10 assists against Washington.

## Parish Charged After Marijuana Found

*Compiled by Our Staff From Dispatches*

BOSTON — The Boston Celtics' center, Robert Parish, who at 39 is the oldest player in the NBA, was charged Friday with possession of marijuana.

Authorities said a drug detecting dog in San Francisco had scented marijuana Wednesday night in a Federal Express package addressed to Parish. The information was relayed to police in Massachusetts, where a police dog again detected marijuana when the package arrived at a Federal Express facility.

Police obtained a search warrant, opened the package and found it contained several ounces of marijuana, said Kurt Schwartz, an Essex County assistant district attorney. He said another warrant was obtained for Parish's home, where authorities found five ounces of marijuana.

The Middlesex County district attorney's office said Parish and his house guest, Heather Graves, 24, of Atlanta, were each charged with one count of possession and would be arraigned March 3.

The charge is a misdemeanor, punishable by a maximum of six months in jail and a \$500 fine. Parish, who has played for the Celtics since 1980, was in Dallas with the team for a game Friday night.

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## Blazers Discipline 4 Over Sex With Minors

*The Associated Press*

PORTLAND, Oregon — The Portland Trail Blazers, idolized in this one-sport town, are trying to restore an image that has been tarnished by a sex scandal in Utah.

Even as Salt Lake County Attorney David Yocum was announcing that he would not press criminal charges against the four players who were said to have had sex with two 16-year-old girls, the team's management was suspending two of the players and fining the other two.

Rookies Dave Johnson and Tracy Murray were fined Thursday and suspended without pay for three games. Starter Jerome Kersey and rookie Reggie Smith were fined. The suspensions will have little practical effect on the team, as Johnson and Murray rarely play.

Just two hours after Yocum announced his decision, a news conference was held by Geoff Petrie, the Blazers' senior vice president for operations. He talked about the disciplinary action and, for the first time, named the four players.

He would not disclose the size of the fines but said they were substantial. The players also will undergo counseling, said Petrie, who added that the Trail Blazers "feel deep regret that some of our players have shown poor judgment, and for that we apologize."

He said the Blazers felt they had to wait until a decision on criminal charges was made before taking disciplinary action.

"People should have faith that those running this organization know the difference between what's right and what's not right," said Coach Rick Adelman.

Kersey, a 30-year-old veteran in his ninth NBA season, and Smith issued statements apologizing for their actions.

Kersey insisted that all he had done was to meet the girls, and he said he had "used very poor judgment" in putting himself and the team "in a position to be associated with a situation that tarnished the good name and image of my teammates and the Trail Blazers franchise."

Yocum said no felony charges were filed because the two 16-year-olds were not coerced or enticed to take part in sex the night of Jan. 23. Yocum said he could have pursued misdemeanor charges of contributing to the sexual delinquency of a minor, but the two girls did not want to endure the publicity that would have come with a trial. He said, however, that he would ask the Utah Legislature to change the law to make it a felony to have sex with anyone under 18.

The NBA issued a statement calling the players' conduct "disturbing" and said a decision would be made soon on whether any additional measures were necessary.

"I think all sports teams need to realize that you're going to be a target and you need to be responsible for your actions, so you've just got to make better judgments," Portland guard Clyde Drexler said. "Most of the guys know that, but for the few that don't, you have to keep talking about it."

## No. 5 Arizona Rallies to Beat Washington State

*The Associated Press*

It looked like there could be an upset in the making until Arizona's big guys showed up and took charge.

After struggling early, No. 5 Arizona moved in from the perimeter.

COLLEGE BASKETBALL

to take control from a gutsy Washington State squad and got a 70-64 victory Thursday night in Pullman, Washington.

Chris Mills scored 19 points and Damon Stoudamire scored 13 of his 17 points in the second half as the Wildcats put the game away in the final minutes by going on a 13-4

run to break a 57-57 tie. The Wildcats (16-2, 10-0) posted their 10th consecutive Pac-10 Conference victory and ended the Cougars' conference winning streak at six in front of 9,640 raucous fans.

"We didn't think it was going to be easy and it wasn't," said the Arizona coach, Lute Olson. "This is becoming a tough place to play and the crowd helped Washington State keep up their intensity."

No. 12 UNLV 90, San Jose State 74: At San Jose, California, J.R. Rider scored 23 of his 37 points in the second half as UNLV (16-2, 9-2 Big West) rallied from a 40-30 halftime deficit against San Jose State (16-15, 2-10).

No. 16 Utah 88, San Diego State 77: Josh Grant scored 18 points and sank three straight field goals at the start of the second half as the Utes (18-3, 11-1 Western Athletic Conference) pulled away.

No. 20 Tulane 62, Louisville 60: In New Orleans, Tulane (17-4, 7-1 Metro Conference) escaped when Dwayne Morton's 35-footer for Louisville (13-6, 8-1) bounced off the backboard at the buzzer.

No. 22 Massachusetts 81, St. Joseph's 69: At Philadelphia, Harper Williams scored 21 points and Jerome Malloy added 18 as Massachusetts won its 10th straight. The Minutemen (16-4, 8-1 Atlantic-10)

never trailed St. Joseph's (14-6, 6-3).

No. 24 Virginia 75, N.C. State 66: At Charlottesville, Virginia, Cory Alexander did not take a shot in the first seven minutes but finished with 25 points.

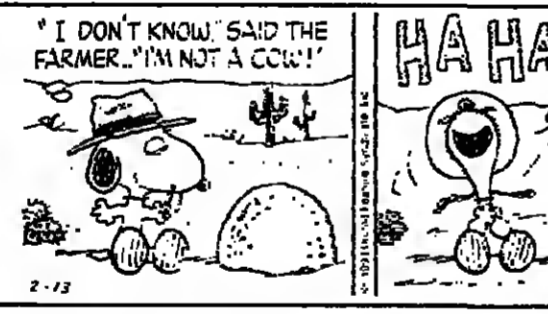
Virginia (14-5, 6-4 Atlantic Coast Conference) defeated the Wolfpack (5-13, 1-9) for the fourth straight time and the sixth in their last seven meetings.

No. 25 New Orleans 81, Texas-Pan American 63: In Edinburg, Texas, Ervin Johnson had 21 points, 23 rebounds, three steals, two assists and two blocks for the Privateers (18-2, 12-0 Sun Belt Conference).

### PEANUTS



### CALVIN AND HOBBS



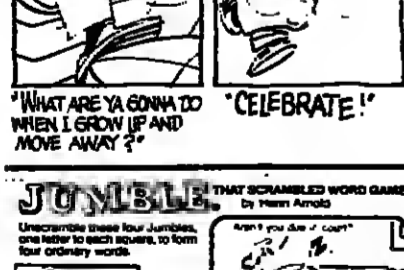
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### JUMBLE



### BEEBLE BAILEY



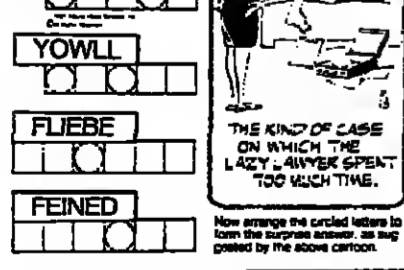
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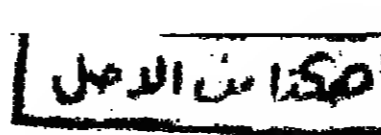
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سبوا من الامل

Want to Have in the Sun

SPORTS
Albertville '93: Ski Championships Running Into a Real Storm

A Year Later, Franc Shorter

ALBERTVILLE, France — A single pylon, like the lonely support for a packed-up circus tent, is all that marks the site of the opening and closing ceremonies at last year's Winter Olympics.

By Christine Casatelli
International Herald Tribune
SHIZUKUISHI, Japan — A howling wind blew away both the men's and women's super-giant slalom races Friday, while more storms appeared to be gathering on the horizon and officials, both international and Japanese, found themselves on increasingly thin ice as they tried to defend the decision to stage Asia's first World Alpine Ski Championships in these decidedly inclement mountains.

— a seasonal trough moving over the mountains of northern Japan.
"Who bow have two options," said the organizing committee's press chief, Hugo Steininger. "We can either try to hold both of the races on Saturday or, if that is not possible, then we will try for the men's slalom."

of the meteorological office, are about normal for this area.
The organizing committee, having enlisted a staff of 600 plus 750 more from Japan's Self Defense Forces to run the championships, has produced courses well groomed and fairly challenging. Because skiing in Japan is becoming immensely popular, selling the championships at home was no problem.

But others are saddled with huge debts from feverish preparations. Numerous enterprises, particularly in construction, have folded, and the number of jobs in the Albertville basin rose by 33 percent in 1992.

Hardest hit of all was Brides-les-Bains, a hot springs resort that was the athletes' village and is now scrambling for creditors to cover its \$13.2 million debt.

December brought welcome news: In the final two weeks of that month, the cable car made \$300,000. The same month, Lionel Comte opened Brides-les-Bains' first ski shop, now that people stay there in winter thanks to the new link to the slopes.

Business is good, but "there's nothing really to show that this was the athletes' village," said Michel Barnier, organizing committee co-president. "We've had good hotel occupancy with the resorts filled over Christmas, the first time in six or seven years, and we're getting a 20 percent increase in visitors."

Before the Olympics, Savoy was known as ski country, but never for ice sports, said Michel Barnier, organizing committee co-president. "We've had good hotel occupancy with the resorts filled over Christmas, the first time in six or seven years, and we're getting a 20 percent increase in visitors."



Troops of Japan's Self Defense Forces tried to shovel the fresh snow off the men's super-G piste on Mount Takakura before the race was called off.

New scheduling means there is only a two-year gap between the Albertville and '94 Winter Games in Lillehammer, Norway.
That led some Olympic sponsors to lose interest in Savoy resorts right after the Albertville fest, said Jean-Marie Choffel, director of Meribel's tourist office.

Because high winds and heavy snow had disrupted the World Cup races held here last year — with fog forcing cancellation of the men's downhill — the organizers of the world championships said precautions had been taken for this much more prestigious event.

"We knew we might have to postpone some of the speed races, so this year we scheduled them for the beginning of the week," said the organizing committee's spokesman, Kazuo Fukuko.

In trying to explain what had happened to make the championships still go so wrong, Fukuko said that the committee just didn't expect some things.

Officials expect the real money to come from tourism. To do so the Olympic resorts formed an alliance to promote business with tour operators.

Europe's Reaction: From Charges of Bribery to Ennui

GENEVA — European resort officials and commentators have called the weather-plagued World Alpine Ski Championships in Japan a failure even before they're over.

Italian television sportscaster Bruno Gattai said the championships were "a scandal of biblical proportions."

Switzerland's daily newspaper Blick, noting that live broadcasts reach Europe in the wee hours, said that "ski fans are going to sleep."

After all the delays and cancellations in the two-week event, much of the criticism has been focused on the International Ski Federation for allowing a site with known weather problems.

But ski manufacturers have defended the decision to go to Japan, reportedly their largest single market, while admitting that the havoc could end up hurting the industry.

The world championships in Japan have been a sensational failure, whatever may happen in the next few days, said the Italian sports daily Gazzetta dello Sport, which also complained about the relatively flat courses.

"Even commercial companies that had hoped to earn a share on the rich Far East markets are considering what a mistake it was to organize the championships in the worst place in the world in terms of weather," the paper said.

A German newspaper took up the often-heard argument that money outweighs other considerations in skiing.

Delegates from the FIS member nations, who voted for Morioka-Shizukushi as world championship host in 1988, "looked at pretty pictures in the slick brochures and decided that the racing slopes were suitable," said the Frankfurter Rundschau.

FIS's general secretary, Gianfranco Kasper, said he knew of the risks at the Japanese site. But he noted that weather had disrupted other recent major ski events, such as the warm winds that caused problems at the 1988 Olympics in Calgary.

Further stung, defensive FIS officials have argued that such scenic Alpine resorts as Garmisch-Partenkirchen, Germany, and Kitzbühel, Austria, couldn't have staged the championships now anyway because they have no snow.

SCOREBOARD

BASKETBALL

NBA Standings
EASTERN CONFERENCE
Atlantic Division
New York 31 15 64 4
Boston 29 19 63 4

WESTERN CONFERENCE
Midwest Division
San Antonio 31 14 62 0
Utah 29 17 63 3

HOCKEY

NHL Standings

WALEY CONFERENCE
Pacific Division
Pittsburgh 36 14 57 233 176
Washington 37 22 49 220 201

Major College Scores

EAST
Boston U. 76, New Hampshire 67
Cornell 75, Cornell 64

SIDELINES

Pro-Williams Vote Like Next Week

LONDON (AP) — Auto racing's world council will decide by fax vote next week whether the Williams-Renault team will be able to defend its Formula One world championship this season.

Russian Gymnast Kostina Is Killed

MOSCOW (AP) — Oksana Kostina, a world champion in rhythmic gymnastics, was killed in a car crash that seriously injured Olympic medalist Eduard Zenovka, ITAR-Tass news agency reported Friday.

For the Record

Troy Akman, the Dallas Cowboys' quarterback who was MVP of the Super Bowl, also became the first player fined for leaving a game early when the NFL sacked him \$10,000 for abandoning Sunday's Pro Bowl before it was over.

TRANSACTIONS

BASEBALL
Boston — Named Mike Port assistant general manager.
DETROIT — Agreed to 1-year contract with Kirk Gibson, pitcher.

CRICKET

SECOND TEST MATCH

India vs. Australia
India 105, Australia 105
India 1st innings: 50-6 dec.

COLLEGE

NCAA — Named John D. Swafford and Frank Wedgwood to marketing subcommittee of executive committee.

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DAVE BARRY

New Generation Gap

MIAMI — My son got his ear pierced. He's 12. For 12 years I worked hard to prevent him from developing unnatural body holes, then he went out and got one on purpose. At a shopping MALL.

It turns out that minors can have their earlobes assaulted with sharp implements by shopping-mall-booth personnel who, for all we know, have received no more formal medical training than is given to burrito folders at Taco Bell.

And the failed Clinton administration is doing NOTHING.

You're probably saying: "Don't blame the government! As a parent, YOU must take responsibility! You and your wife, Beth, should at your son down and give him a stern reprimand."

Listen, that's a great idea, except for one teeny little problem, which is that BETH IS THE PERSON WHO DROVE HIM TO THE PIERCING PLACE. This is the same woman who, when Rob was 6, allowed him to get a "punk" haircut that transformed him in just a few minutes from Christopher Robin into Bart Simpson; the same woman who indulges his taste for clothes that appear to have been dyed in radioactive Kool-Aid.

No, Beth is not on my side in the ongoing battle I have waged with my son to keep him normal, defined as "like me, but with less nose hair."

Now you're probably saying: "Who are YOU to be complaining? When you were young, didn't YOU feel you had the right to do things that your parents disapproved of?" Perhaps you are referring to the time in ninth grade when Phil Grant, Tom Parker and I decided that pipe-smoking was cool, so we got hold of some pipes and stood around smoking stogie, thinking we looked like urbane sophisticates, when in fact we looked like the Junior Fred MacMurray Dork Patrol.

I will admit that when my parents found out about this (following a minor desk fire in my room) and told me to stop, I went into a weeping door-slaming snit, as though the right of minors to smoke pipes was explicitly stated in the U.S. Constitution.

But we cannot compare these two situations. In the case of my pipe-smoking, my parents were

clearly overreacting, because the worst that could have happened was that I would have burned the house down and gotten cancer. Whereas I have a very good reason to object to Rob's earlobe hole: It makes me feel old. Rob wears a little jeweled ear stud, and it's constantly winking at me and saying: "Hey there, Old-Timer! YOU'D never wear an ear stud! And neither would Grandpa Walton!"

I am also being rapidly aged by Rob's choice of radio stations. The one he now prefers is operated by one of the most dangerous and irresponsible forces on earth, college students. I was concerned about what they might be playing, so I tuned it in on my car radio.

First song I heard didn't sound so bad, and I said to myself: "Hey! Perhaps I am still fairly 'hip' after all!" And then the deejay came on and said, apologetically: "I realize that song was MAINSTREAM."

He said "mainstream" the way you would say "composed by Phoenicians."

Yes, college students are in on the plot with my son to make me feel old. Not long ago I was sitting on a beach near a group of male college students who were talking about a bungee-jumping excursion they had taken.

They were bragging about the fact that they had jumped off the tower in the only cool way, which is headfirst and backward.

They spoke with great contempt about a group of fathers — that's the term they used, "fathers," making it sound as though it means "people even older than Phoenicians" — who had jumped off feet first, which the college students considered to be pathetic.

This made me feel EXTREMELY old, because I personally would not bungee-jump off the Oxford English Dictionary.

My son, on the other hand, would unhesitatingly bungee-jump off the Concord. And he's only 12. Who KNOWS how old he'll make me feel by the time he's 14.

What if he wants a NOSE RING?

I won't allow it! I'm going to put my foot down! I'm going to take charge!

I'm going to steal Beth's car keys. Knight-Ridder Newspapers

Mr. Love's Secret Life and Public Death

By Cathy Horyn and Patricia Dane Rogers

WASHINGTON — To begin with, there was the body: black male, 200 pounds, naked on a sleigh bed. He was dead, all right, dead and lying face up on a tupe coverlet with a stone pineapple stuck in his head. There were slashes across his ankles and testicles, but these appeared to have been an afterthought — a case of overkill with a serrated knife. What had killed him was the pineapple, and the fact that it had crushed his skull and remained there for three days was an indication of how deadly a 40-pound fruit can be when used as a murder weapon.

Something else surprised Detective Ray Crawford that afternoon. Until he walked into the bedroom at 3133 Connecticut Avenue with Sergeant Walter Staples and four other detectives from the District of Columbia police homicide squad, he had assumed the victim was white. It was the address, he said. Moreover, it was an apartment in the Kennedy-Warren, and it seemed to Crawford, who is black, that this was the sort of place where a white person would live: an apartment that did not have a couch but did have a French settee; that did not have a dining room but did have an Empire table set with topiaries and silver-framed pictures. It was the kind of apartment, in other words, that belonged to someone who had understood the surface of things, and it was this impression, more than the actual details, that made Crawford believe the man on the sleigh bed was not entirely who he appeared to be. Nothing about the living room or the library, with its pretty green wallpaper, suggested there had been a struggle, and so the detectives focused their investigation on the bedroom, a room done in shades of beige with khaki swags over the windows that were edged with five-inch bullion fringe. There were certain inconsistencies about the room. For example: The victim's clothes had been placed on a chair, but the closet and the drawers of the dresser appeared to have been opened and gone through. "But that," said Crawford. On the evidence of this, and the fact that several watches and articles of clothing were later discovered to be missing, the detectives concluded that robbery had been the motive. And given the condition of the room, its relative neatness in the face of mayhem, the detectives also concluded that the killer had been in the apartment before. "We knew he had been a friend," said Crawford. But what was most interesting about this premise was something that was still in the apartment, something that perhaps the killer had seen as he reached for the stone pineapple. On a high table at the head of the bed was an arrangement of silver frames, not unlike those in the living room, and Crawford looked at them. Here were people who had known the victim — friends, presumably. Women in evening clothes, men in black tie; people, it seemed to Crawford, in high places. More than once that day, and for several days to come, the detective would look at those pictures and the ones arranged amid the topiaries and say to himself, "This was someone who was photographed with the Queen of England and Barbara Bush. Who was this guy? Who was he?"

As it turned out, he was Kenneth P. Love, the 42-year-old son of a retired army master sergeant and a cafeteria supervisor, and at 3:25 P.M. on Dec. 21, approximately 60 hours after he had last been seen alive, he was officially pronounced dead by the medical examiner of the District of Columbia. Of course, he had been more than the son of a noncommissioned officer, and that was precisely the



Kenneth Love: After he died, his friends learned they hadn't known him at all.

point that lifted the details of his death into apogee. He was Kenneth Love, the florist. Kenneth Love, whose clients included Oatsie Charles, Marion Rosenthal, Katharine Graham, Deeda Blair, Jennifer Phillips, Rutie Leffall, Ann Jordan, Annie Block and Patsy Preston, whose corporate clientele included Red Sage, the Ritz-Carlton, the Phillips Collection and The Washington Post, and whose murder now produced conflicting feelings of grief and doubt.

"I've never seen so many big-dealers in this town upset about anything as this," said the Georgetown decorator Anthony P. Browne, who was in Newport with Robert and Oatsie Charles when he heard the news about Love. And indeed, before the body had reached the city morgue, before it had been tagged and positively identified by a member of the family, there was a sense of circling lightning up along the coast, of phones ringing off the hook.

At Templeton, the Long Island estate of C.Z. Guest, there were recollections of conversations going back 15 years. "He would call me for advice about flowers. He would ask about combinations — what went with what — and I told him most flowers get along with each other," said the gardening columnist and wife of the late sportsman Winston Guest. "I hadn't heard from him for a long time and asked Oatsie in Newport last summer, 'Where the hell is Kenneth?' He used to call me if anything went wrong. He meant a lot to a lot of us."

In Newport, where the Charleses had gone the morning of Dec. 18, leaving two notes with the maid in Georgetown for Love to deliver with flowers to Deeda Blair and Buffy Catritz, the grief was palpable. "Anthony Browne is sit-

ting here, and he and Robert and I were talking about it," she said the day after the body was discovered. "I'm not going to feel the same about Washington. What are we going to do without Kenneth?" Her voice dropped. "Who will do our flowers, mend the china or rearrange the furniture? Who will say this chair ought to be moved there? There is no one."

On Dec. 26, at 2:30 P.M., a Service of Christian Burial was offered for Kenneth Love at the Church of the Holy Communion on Martin Luther King Avenue in Southeast. Some 100 mourners watched the family walk up the aisle and enter the first pews on the right — parents Ramona and John walking between two grandchildren, brothers Darryl, Eric and Steve holding babies against their shoulders, sister Cindy. They heard the Reverend Frederick Quinn speak of Love's "restless, entrepreneurial side," heard him say that "our Lord was no stranger to violent death." They may or may not have wondered who among them had witnessed that "restless, entrepreneurial side," since there was only one client present — Deeda Blair, who came with her husband, the former ambassador William McCormick Blair — and a handful of close friends, a number owing perhaps to the holidays but more to the fact that until Love died, none of his clients and very few of his friends knew that his parents lived just across the Anacostia River, and that he had grown up in a little white bungalow shaded by green alhambra awnings and surrounded by a cyclone fence.

And, as it turned out, they would know more about him than dead men alive, for on Jan. 5, 10 days after the funeral, Continued on Page 6

PEOPLE

When Michael Talks, 90 Million Folks Listen

When Michael talks to Oprah, Americans listen — 90 million of them. Michael Jackson's live interview with Oprah Winfrey was one of the most-watched entertainment programs in television history, ABC Entertainment says. The show reached 36.5 million TV homes, making it the fourth highest-ranked entertainment show since 1960, behind CBS' "MASH" finale in February 1983 (50.2 million households), the "Who Shot J.R.?" "Dallas" episode on CBS in November 1980 (41.5 million) and ABC's "The Day After" in November 1983 (38.5 million). In Los Angeles, Superior Court Judge David Yaffe has ruled that Jackson's top-secret recording contract will stay just that, secret. He said it is mostly irrelevant to a lawsuit filed against the singer and his label, Sony Records, over a three-dimensional sound system by the system's inventor, Hugo Zaccarelli.

Paul Simon and Art Garfunkel are reuniting for the third time since they broke up in 1970. They will sing on March 1 at a Los Angeles concert to raise money for homeless children. The show will also feature Neil Young and Steve Nouri.

A car in which Katherine Hepburn was riding got into a minor traffic accident while driving into Petersburg, Virginia. No one was hurt and no charges were filed. The driver of Hepburn's car, Howard Frederick, told police she was going to Florida. Asked her destination by a reporter, the 85-year-old actress replied, "None of your business."

Sir Ramphal Finances, 48, and Dr. Michael Stroud, 37, saying they were "more dead than alive," have cut short their trek across Antarctica. A plane picked up the two British polar explorers on Friday, about 350 miles short of their goal.

Out of sight, but not out of mind: While Mike Tyson is in jail for rape, NBC was showing Friday a two-hour documentary, "Fallen Champ: The Untold Story of Mike Tyson."

INTERNATIONAL CLASSIFIED Appears on Pages 6 & 11

WEATHER

Table with weather forecasts for Europe, North America, Middle East, and Oceania. Columns include location, high, low, and wind speed.



Forecast for Sunday through Tuesday. There has been little daylight variation in the weather over Central and Northern Europe in several days, but this will all change in the next future. A strong cold front will bring showers to London and Paris later Monday, Tuesday will be colder with snow flurries.

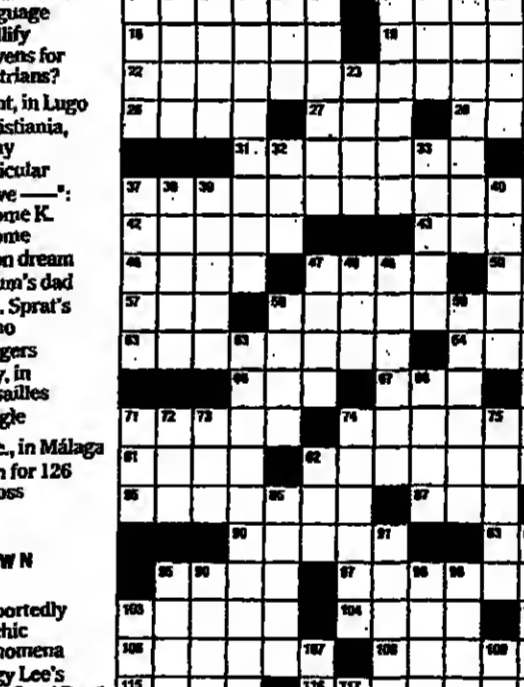
Table with weather forecasts for Asia and Africa. Columns include location, high, low, and wind speed.

Flatter warm and dry weather will occur in Hong Kong Sunday through Tuesday. The recent dry weather will mostly continue in Singapore, although a thunderstorm cannot be ruled out. Beijing and Seoul will be dry Sunday through Tuesday with milder-than-usual weather.

HOORAY FOR LOVE By Alex F. Black

Table with crossword puzzle clues for Across and Down. Clues include 'Nonsense', 'Prosperity', 'Tennis stratagem', etc.

New York Times, edited by Eugene Malachuk



BOOKS

INDONESIAN POLITICS UNDER SUHARTO: Order, Development and Pressure for Change

By Michael R. J. Vaitskiotis. 220 pages. Routledge. \$35.

Reviewed by Harold Crouch

It is widely accepted in Indonesia that President Suharto will be re-elected for a sixth five-year term in office in March. Suharto, a retired army general, has presided over a century of extraordinary economic growth, which has brought about a significant rise in Indonesian living standards. He has won international recognition for the country's success in attaining self-sufficiency in production

of rice, a staple food, and controlling population growth. In 1992, Suharto became chairman of the Non-Aligned Movement.

Yet, despite these achievements, Indonesia's political elite faces the future with a sense of foreboding. As Michael Vaitskiotis, a former correspondent in Jakarta for the Far Eastern Economic Review, shows in this excellent survey of Indonesian politics in the 1980s and early 1990s, many Indonesians wish that Suharto would step down in guarantee a smooth succession. It is widely feared that should the elderly president die or become incapacitated during his next term, an unplanned successor could lead to political turmoil that might jeopardize the many achievements of his era.

Vaitskiotis argues that the armed forces no longer play a dominant

role in the Indonesian government, which is now fully controlled by Suharto. The military is still a powerful political force and some commanders want the president to step down. But he is evidently bent on resisting. While there will be continuing tension, Vaitskiotis does not expect a military coup against Suharto. The crisis is more likely to come after he passes from the scene. Then the military will reassert its authority.

Vaitskiotis argues that much of the recent trend toward openness and democratization in Indonesia has been driven by rivalry between the president and the armed forces. The military has encouraged opposition groups in order to embarrass Suharto, while he has sought the support of the Muslim community to balance the power of the military. Vaitskiotis does not believe that civil-

ian political forces have developed sufficiently to pose an effective barrier to reassertion of military power in the post-Suharto era.

His book provides a valuable survey of the major issues in Indonesian politics. He outlines the diversity of the world's fifth most populous nation, and looks in detail at the personality of the president, the role of the armed forces, the position of Islam, the rise of the middle class, the politics of business and ethnic relations, the success of development and Indonesia's place in the world.

Harold Crouch, senior fellow in the Department of Political and Social Change, Research School of Pacific Studies, at the Australian National University in Canberra, wrote this for the International Herald Tribune.



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Advertisement for AT&T USADirect Service. Includes a table of international phone numbers for various countries like Australia, Bahrain, Belgium, etc.

Vertical text on the right edge of the page, likely a scanning artifact or page number.